



# ***Daily Report***

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## **China**

FBIS-CHI-94-006  
Monday  
10 January 1994

# Daily Report

## China

FBIS-CHI-94-006

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10 January 1994

**NOTICE TO READERS:** An \* indicates material not disseminated in electronic form.

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## General

### Zou Jiahua Meets Inmarsat Head Lundberg

OW1001132294 Beijing XINHUA in English 1234  
GMT 10 Jan 94

[Text] Beijing, January 10 (XINHUA)—Chinese Vice-Premier Zou Jiahua met with Olof Lundberg, director-general of the International Maritime Satellite Organization (Inmarsat), here this afternoon.

The two sides had a cordial and friendly talk on topics of common interest.

During the meeting, Zou expressed his thanks to Lundberg for his role in promoting China's cooperation with other Inmarsat member countries.

He expressed the belief that the setting up of Inmarsat's representative office in Beijing would further enhance this cooperation.

Lundberg voiced his appreciation for China's support for Inmarsat.

He said Inmarsat is directing more and more attention to the Asia and Pacific region, which boasts rapidly growing economies.

China is the ideal place for Inmarsat to establish its first representative office outside its London headquarters, he said.

According to sources here, Inmarsat, set up in 1979, is a commercial organization between governments. With 71 member countries, its aim is to provide better communications services to ships and aircraft via its maritime satellites.

### PRC Olympic Head on Games in 3d-World Countries

OW0801120794 Beijing XINHUA in English 1058  
GMT 8 Jan 94

[Text] Beijing, January 8 (XINHUA)—The Olympic Games should be held in a Third-World country in the near future, said He Zhenliang, president of the Chinese Olympic Committee here on Saturday.

"Since the International Olympic Committee [IOC] has had the intention of making a new breakthrough in popularizing Olympism, the Olympic Games should be moved out of the circle of developed countries and a Third-World country should be awarded the games in the near future," he said.

The Chinese Olympic chief made his statement when he reviewed China's sports in the past year at a press conference following the announcement of a vote for the top ten world athletes of 1993.

He said Beijing's close loss of 43-45 votes to Sydney in the Monte Carlo IOC vote to choose the host city for the

2000 Olympics last September was by no means a tragedy for China's sports. On the contrary, Beijing's bid was fruitful and significant, because it has helped to spread the Olympic spirit among the largest population of the world.

Answering the question if China would bid again for the 2004 games, he said the Chinese Olympic Committee would take into full consideration both the world and domestic situation before making any decision.

"Many foreign friends and IOC members as well as our domestic supporters have written to me, wishing that we bid again for the 2004 games. I'd like to thank them for their warm encouragement, but there is still a lot of time before we make our decision," he said.

An IOC weekly bulletin last December said that 14 cities are interested in bidding for the 2004 Olympic Games—Cape Town, Durban and Johannesburg of South Africa, Beijing of China, Dusseldorf and Aachen of Germany, St. Petersburg of Russia, Buenos Aires of Argentina, Brasilia and Rio de Janeiro of Brazil, Stockholm of Sweden, Seville of Spain, Istanbul of Turkey and San Juan of Puerto Rico.

He Zhenliang said, "The IOC wishes China could try again for the 2004 games, but it's not time yet to make any formal decision."

### Shanghai Airport Expansion Attracts Overseas Bids

OW1001134894 Beijing XINHUA in English 1307  
GMT 10 Jan 94

[Text] Shanghai, January 10 (XINHUA)—Many large overseas companies have found it a good chance to make big money in the expansion of the Shanghai Rainbow Airport, one of China's biggest international airports.

The companies include the Goldman Sachs Corporation and the Tams Consultants Incorporation in the United States and the Well's Pacific Corporation Ltd. in Italy and the Asia Pacific Group in Taiwan. They are now competing with each other to win the bid for the expansion of the airport.

HNTB Architects, Engineers and Planners, one of the most renowned firms of its kind in the United States, has expressed its interest in designing of the expansion project.

The Shanghai Rainbow Airport received 65,000 flights with seven million passengers last year.

The blueprint for the expansion of the airport has been approved by the China Civil Aviation Administration and the Shanghai Municipal Government.

The new airport will occupy 20.4 square kilometers, five times the area of the present one. It will be able to receive 260,000 flights with 40 million passengers a year by the

time its expansion is completed, five and six times the present capacity, respectively.

A total of seven billion yuan will be invested in the expansion of the airport. Bids will be invited for the expansion of the airport's lounge building and its second runway construction, according to Du Chuncai, general manager of the airport.

### **Editorial on President Clinton's European Trip**

*HK0901064394 Hong Kong TA KUNG PAO in Chinese  
8 Jan 94 p 2*

[Editorial: "Clinton Is To Face Trouble in His European Trip"]

[Text] After taking office last year, U.S. President Clinton continued to announce that he would focus his attention primarily on solving domestic economic problems. Over the past year, however, he had to spend a great deal of time dealing with problems in Somalia, Bosnia, Haiti, and the Middle East, and he was bogged down in a terrible predicament. Shortly after 1994 began, he packed his bags and prepared for a European tour. The purpose of his trip was to appease his West European allies, persuade the East European countries, and adjust relations with Russia. Even though his mother has just died, Clinton decided to set off today according to the original schedule. He will successively visit Brussels, Prague, Moscow, Minsk, and Geneva. In Brussels, he will attend the NATO summit meeting, and in Moscow, he will meet Russian President Yeltsin. These will be the two most important events on his itinerary.

NATO is a military group composed of 16 Western countries. Its original target was the former Soviet Union and the East European bloc. Following the dissolution of the Soviet Union and the drastic changes in Eastern Europe, however, NATO's orientation became a subject of debate among its member countries. At the same time, some East European countries applied to join NATO. At the upcoming NATO summit meeting, a major topic of discussion will be whether to admit East European countries into NATO. Due to the dissolution of the Soviet Union and the governmental changes in the East European countries, their military alliance—the Warsaw Pact—ceased to exist. This brought about a so-called a "vacuum" in Eastern Europe. On the other hand, the Russian domestic situation continued to be unstable, and division and ethnic conflicts occurred in some East European countries, such as Yugoslavia. Therefore, Poland, Hungary, Czech, Slovakia, and Lithuania successively demanded that they be admitted into NATO in order to seek protection against possible crises. These demands brought the NATO countries into a dilemma.

First, Russia had already explicitly expressed its opposition to NATO's expansion to the East and regarded this as a "threat" against Russia. Because of Russia's status and its current delicate domestic situation, NATO countries have no choice but to give consideration to its

feelings. On the other hand, if these East European countries are admitted into NATO, it will inevitably cause a division between them and the rest of the East European countries. If all East European countries, including Russia, are admitted into NATO, then we will have the situation that Kissinger described when he said "an alliance that includes everyone is in fact an alliance of nobody." This is obviously unrealistic.

What to do? The United States has proposed establishing the "Partnership for Peace" as a compromise. According to this proposal, NATO may conclude bilateral agreements with Russia and other East European countries on increasing military cooperation, including carrying out joint military maneuvers and training. For those countries that have explicitly expressed their hope to join NATO, the "partnership for peace" may be a transitional stage before they officially become NATO members. It has been said that the option proposed by the United States would not offend Russia and would also satisfy the demands of some East European countries. The proposal has been supported by all other NATO members.

Clinton's visit to Moscow and his meeting with Russian President Yeltsin will test U.S. policies and tactics. Following the dissolution of the Soviet Union, the United States actively supported Yeltsin and his radical reform policies and made great efforts to persuade other Western countries to give Yeltsin substantial assistance. The United States consistently sided with Yeltsin throughout the prolonged confrontation between Yeltsin and the former Russian parliament. In the recent Russian legislative elections, however, the political party Russia's Choice, which represents the pro-Yeltsin bloc, encountered a setback, and the rising star was the "Liberal Democratic Party," which represents extreme nationalist forces. This fact shows that the radical reform policies that have been pursued by Yeltsin have been unpopular. Zhirinovskiy, the leader of the newly rising "Liberal Democratic Party," was encouraged by the election results and began to more fanatically advocate great-nation chauvinism. He even called for expanding Russia's territory and launching a war. In facing this situation, Yeltsin had no choice but to keep the United States at a distance. It is now difficult to predict Russia's future, and the United States has been rather anxious about this. Therefore, the United States found it necessary to adjust its policy and tactics toward Russia. The United States will continue to give Yeltsin positive support, but it will also try to prevent this practice from giving an excuse to the opposition forces in Russia and from stimulating the development of nationalism in Russia. The United States will continue to support Russia's reform, but it will also require the reformist to adopt a more moderate and gradual method and to prevent excessively radical measures from going beyond the Russian people's endurance. Russia obviously holds an important position in the foreign policy consideration of the United States. Clinton will certainly bargain with Yeltsin. However, how successful will he be? People will have to wait and see.

**U.S. Officials in Seoul on DPRK, Nuclear Issue**

OW1001115694 Beijing XINHUA in English 1144  
GMT 10 Jan 94

[Text] Seoul, January 10 (XINHUA)—Some visiting American congressmen today expressed support to dialogue with Pyongyang on nuclear issue, rather than seeking a solution to it by imposing sanctions.

Chairman of the U.S. Senate Armed Services Committee Sen. Sam Nunn and other congressmen told South Korean Foreign Minister Han Sung-joo that they expect some progress be made in ongoing negotiations between the Democratic People's Republic of Korea (DPRK) as one side, and the United States and the International Atomic Energy Agency (IAEA) as another side.

They said that dialogue, at least for now, is the best way for solving the nuclear problem.

The U.S. congressmen arrived here last week after visiting Russia and Japan.

According to latest reports, the IAEA is expected to wind up working-level negotiations with DPRK on inspections of the DPRK's nuclear sites in a day or two, and dispatch a team of inspectors to Pyongyang.

The DPRK, South Korea and the U.S. are expected to simultaneously announce their positions on three issues when the IAEA team arrives in Pyongyang.

The three issues are inter-Korean exchange of special envoys, suspension of the "Team Spirit" joint South Korea-U.S. military exercise, and high-level talks between Pyongyang and Washington

Pyongyang is expected to announce that it will resume inter-Korean talks, and is willing to open working-level contacts with Seoul to discuss mutual nuclear inspections based on the south-north non-nuclear declaration.

Seoul will announce that it is willing to suspend the "Team Spirit" exercise, while Washington is to announce that it will hold a third round of high-level talks with Pyongyang on condition of the IAEA nuclear inspection and inter-Korean talks.

**United States & Canada**

**Continued Reports on United States Textile Quota**

**PRC Business Officials Speak Out**

OW0701130094 Beijing XINHUA in English 1240  
GMT 7 Jan 94

[Text] Beijing, January 7 (XINHUA)—Chinese entrepreneurs have condemned the U.S. for its unilateral action of sharply reducing its import quota for Chinese textiles.

Many people here believe that it is irresponsible for the U.S. to slash its imports of textiles from China by 25

percent to 35 percent in 1994, just at a time when the two countries are set to start their fourth round of negotiations on bilateral textile trade.

The U.S. action will seriously damage Sino-U.S. trade, they said.

A senior manager with the China National Textiles Import and Export Corporation told XINHUA that the U.S. action goes against the doctrine of free trade espoused worldwide, as well as the Multilateral Fibers Agreement.

"It creates new obstacles for Chinese textiles as far as access to the U.S. market is concerned, and will inevitably hurt the interests of American consumers," he said.

During the first 11 months of last year the volume of China's textile exports to the U.S. through normal channels accounted for 13.1 percent of the country's total textile exports during the same period.

Zhao Guohua, deputy general manager of the Sanhuan Woolen and Knitwear Corporation, based in Beijing, said China has adopted a series of measures to halt the illicit transshipment of textiles. Five Chinese companies were punished last December for illegal shipment of textiles, he noted.

"The U.S. action, in disregard of China's efforts to curb the illegal transfer of textile products, will not weed out such a practice; instead it will only harm lawful textile exporters," he said.

An official of the China National Textile Council said China is promoting a large-scale technological transformation of its textile industry, involving some U.S. interests.

"The Sino-American textile trade, as well as imports of textile technologies from the U.S. and other Sino-American co-operation projects are bound to be affected by the headstrong action taken by the U.S. as regards the textile import quota from China," he said.

He added that the obstinacy on the part of the U.S. in this regard is in fact a kind of power politics, "coercing the Third World countries with its economic supremacy."

All the people interviewed by XINHUA said they hoped that a way out of the impasse in the interests of both countries could be found through negotiations so as to guarantee a healthy development of bilateral trade, especially the textile trade.

**Article Call U.S. Action 'Ignorant'**

HK1001051294 Beijing CHINA DAILY in English  
10 Jan 94 p 2

[By Wang Yong: "China Calls U.S. Action 'Ignorant'"]

[Text] China denounced the United States yesterday for having breached international norms by unilaterally slashing China's textile quotas.

"The U.S. announcement on January 6 of its intention to reduce quotas for Chinese textile imports by 25-35 per cent was unreasonable, flimsy and in total ignorance of international and bilateral agreements," pointed out Li Zhongzhou, a deputy director general for international relations of the Ministry of Foreign Trade and Economic Co-operation (Moftec).

The U.S. move has run counter to the Uruguay Round of talks under the General Agreement on Tariffs and Trade (GATT), which wound up last month with a new agreement to phase out quota restrictions on textiles within 10 years, he told China Daily yesterday.

"We cannot help doubting the sincerity of the U.S. in honouring multilateral agreements, with its steep rise in quota restrictions against China shortly after the birth of the GATT Uruguay package," he said.

The U.S. decision has also trampled on the Multi-Fibre Arrangement of which both China and the U.S. are signatories, he explained.

The arrangement stipulates that the quota imposed by an importing nation or region on any textile product must not be less than its actual import volume during the previous year.

And the importer must increase the amount of imports under quota management by at least 6 per cent per year.

Li said the U.S. practically has not increased quotas for Chinese textile imports. The latest massive reduction "speaks volumes about the fact that the U.S. is binding other nations, but not itself, to international agreements.

He said the U.S. also has ignored the eighth provision of the Multi-Fibre Arrangement, which rules that an importer should first consult with an exporter if the former claims illicit exports from the latter. If the two sides can't reach a solution, they should resort to the Textile Surveillance Body (TSB). "The U.S. apparently has not complied with this practice," Li said.

He said the U.S. lacks sufficient proof for its charges against China's "massive illicit transshipments."

"And whatever proof it has, the U.S. can hardly justify its reduction by as much as 25-35 per cent," he asserted.

It is obvious that the U.S. is seeking trade protectionism under the veneer of stopping illicit transshipments, he added.

He also blamed the U.S. for being unwilling to join hands with China to clamp down on such illegal activities.

He said China had hoped to set up a strict inspection system in co-operation with the U.S. to combat the problem, but the U.S. has insisted on its right to slash China's quotas unilaterally.

"The U.S. is not ready to co-operate in the least sense," he said.

He urged the U.S. to revoke its decision and return to the negotiation table to find a satisfying solution.

"Otherwise, China will be forced to submit the dispute to the arbitration of the TSB, and respond with retaliatory measures," he said.

#### Wu Yi on MFN Status

HK0901072394 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 9-15 Jan 94 p 1

[By Wang Yong: "MFN Hangs in Balance"]

[Text] A top Chinese trade official said last week that Sino-U.S. economic relations will remain buoyant this year, but she warned of the dangers of political interference.

Minister of Foreign Trade and Economic Co-operation Wu Yi recognized the very complimentary nature of the Chinese and American economies and the fact that bilateral trade had surged in recent years.

Trade between the two hit \$23.2 billion in the first 11 months of last year, well ahead of 1992's total of \$17.5 billion.

However the U.S.'s annual review of China's most-favoured-nation (MFN) status remains a problem.

"It is unwise to add political conditions to the MFN as a means of pressure," she said. "It will only damage our bilateral economic and trade relations."

She described as "unacceptable" the recent remarks by the U.S. Government that "China's human rights and arms sales will be part of the MFN."

The U.S. has until June to decide whether to extend China's status for another year.

Analysts said the review mechanism has thrown a cloud of uncertainty over Sino-U.S. relations and the both business communities.

"We hope to get rid of the shadow haunting the MFN issue so that bilateral economic relations can make greater progress," Wu said.

She is scheduled to preside over an important meeting in Washington this April along with U.S. Secretary of Commerce Ron Brown.

The eighth session of the Sino-U.S. Joint Committee on Commerce and Trade aims to shed light on a wide range of issues concerning bilateral trade and investment.



"I believe this session will be positive for our bilateral relations," Wu said.

During the meeting, China will stage two large-scale trade and investment fairs.

High-profile business people from the two countries will be present and seek co-operation in a series of major projects, Wu said.

But she did not mention the specific fields to which these projects belong.

Wu said China attaches great importance to developing Sino-U.S. economic relations, but she maintained that trade conflicts "should be tackled through consultation rather than unilateral retaliation."

She revealed that she would discuss with Brown the discrepancies in trade statistics between the two countries.

Meanwhile, Wu expressed optimism about China's re-entry into the General Agreement on Tariffs and Trade before the Gatt's Uruguay agreement takes effect.

"China is now qualified to resume its contracting party status in Gatt," she said.

And she added that issues raised by other Gatt contracting parties "are liable to be solved through earnest consultation."

Gatt has decided to convene the 16th session of its working party on China in Geneva in March, which Wu said will be a strong stimulus to China's bid to rejoin the world trade body.

She said a uniform foreign exchange rate, adopted since January 1, will further mesh China's trade regime with Gatt rules.

**Foreign Affairs Official Receives Senator Akaka**  
*OW1001124794 Beijing XINHUA in English 1236  
GMT 10 Jan 94*

[Text] Beijing, January 10 (XINHUA)—Liu Shuqing, president of the Chinese People's Institute of Foreign Affairs, met here this evening with visiting chairman of the Select Committee on Indian Affairs of the U.S. Senate, Daniel K. Akaka, and his wife.

Since his arrival in China last Friday [7 January], the senator has visited the Chinese cities of Shenzhen and Haikou.

Liu also hosted a dinner in honor of the senator and his party.

**Mobile Telephone Exchange Enters Shanghai Market**

*OW1001084594 Beijing XINHUA in English 0822  
GMT 10 Jan 94*

[Text] Beijing, January 10 (XINHUA)—A high-capacity electronic mobile telephone exchange, the EMX 2500, has officially gone into service in Shanghai, China's largest city.

The exchange was bought from the Motorola company of the U.S.

The number of mobile telephone users has increased rapidly in China in the past few years, and Shanghai's original mobile telephone system had reached its full capacity before the exchange was introduced.

Sources at Motorola's Beijing office said the equipment of the EMX 2500 digital telephone exchange system belongs to the latest generation of the company's cellular products.

Pertti Johanson, vice-president and general manager of Motorola's international cellular infrastructure division, said that, so far, more than 120 Chinese cities have introduced cellular systems from Motorola.

The software of the EMX 2500 in operation in Shanghai has been modified to better meet the requirements of China's telecommunications networks, he added.

The introduction of the large-capacity telephone exchange in Shanghai will not only enhance call-processing speed, but also lay a solid foundation for the network and capacity to expand.

**Central Eurasia**

**'Agreements' on Visas Signed With CIS Countries**

**With Azerbaijan**

*OW1001035594 Beijing XINHUA in English 0315  
GMT 10 Jan 94*

[Text] Beijing, January 10 (XINHUA)—An agreement on mutual exemption of visas for service passport holders and another for group travel passport holders between China and Azerbaijan will come into effect on February 10 and May 1 respectively, according to the Chinese Ministry of Foreign Affairs.

The two agreements were signed on January 4 here by Chinese Vice-Premier and Foreign Minister Qian Qichen and Azerbaijan Foreign Minister Gasan Gasanov.

According to the agreements, Chinese and Azerbaijanis holding diplomatic, service and public affairs passports, and their under-age children on the same passports, will be exempted from entry, exit and transit visas.

Travel groups organized by travel agencies designated by the two sides will be exempted from visas while passing in groups through entry or exit posts open to international visitors or designated by the two sides.

#### **Georgia Signs Agreement**

*OW1001032094 Beijing XINHUA in English 0259  
GMT 10 Jan 94*

[Text] Beijing, January 10 (XINHUA)—Two agreements on mutual exemption of visas for business trips and group travel between China and Georgia will come into effect on February 3.

On behalf of their respective governments, Chinese Ambassador to Georgia Wang Fengxiang and Foreign Minister of Georgia, Aleksandr Chikvaide, signed the agreements on January 5 in Tbilisi.

According to the agreements, Chinese and Georgian people who hold diplomatic or service passports or passports for public affairs, with their spouses and under-age children, will be exempted from entry, exit and transit visas.

Travel groups organized by designated travel agents of the two sides will be exempted from entry and exit visas while passing in group through each other's entry or exit posts open to international visitors or designated by the two sides.

#### **With Kazakhstan**

*OW0801081294 Beijing XINHUA in English 0727  
GMT 8 Jan 94*

[Text] Beijing, January 8 (XINHUA)—An agreement on business trips between people of China and Kazakhstan will take effect from February 1, at which time the agreement on visits between people of the two countries which was signed in 1992 will expire, according to China's Foreign Ministry.

The new agreement was signed here October 18, 1993 between the Chinese Vice-Premier and Foreign Minister Qian Qichen and Kazakhstan Foreign Minister T. I. Suleymenov, on behalf of their respective governments.

According to the new agreement, diplomatic and service passports holders and their children under age will be exempted from entry, exit and transit visas when passing through ports which are open to international visitors or designated by the two sides.

Visitors who need to stay for more than 30 days must undergo certain procedures required by local regulations of the country they stay in. That is, Chinese should apply to the Foreign Ministry of Kazakhstan for exit visas through host units; Kazakhs should apply to the Chinese public security organs for residence permits.

#### **Russia Signs 'Mutual Exemption' of Visas**

*OW0801073894 Beijing XINHUA in English 0712  
GMT 8 Jan 94*

[Text] Beijing, January 8 (XINHUA)—An agreement on mutual exemption of visas for diplomatic and service passport holders between China and Russia will come into effect on January 28, according to the Chinese Ministry of Foreign Affairs.

On behalf of their respective governments, Chinese Ambassador to Russia Wang Jinqing and Russian Vice-Foreign Minister B.N. Pastukhov signed the agreement December 29 last year in Moscow.

After January 28, the agreement on visits by citizens between China and the former Soviet Union which was signed on July 15, 1988 in Moscow, will no longer be in force between China and Russia.

The new agreement says that Chinese and Russian people who hold diplomatic and service passports and their children under age will be exempted from entry, exit and transit visas while passing through each other's ports which are open to international visitors or are designated by the two sides.

#### **Officials Receive CIS Executive Secretary**

*OW0701124694 Beijing XINHUA in English 1230  
GMT 7 Jan 94*

[Text] Beijing, January 7 (XINHUA)—Wu Xueqian, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), met here this afternoon with Ivan Korotchenya, executive secretary of the Commonwealth of Independent States (CIS).

Wu briefed the guests on China's development since it adopted the reform and open policy over a decade ago and the role of the CPPCC. He emphasized that China will pursue its own democracy according to its own domestic situation without copying Western democracy.

Korotchenya talked about the situation in the CIS, saying that the CIS can learn from China's experience.

This morning Chinese Deputy Foreign Minister Tian Zengpei met with Korotchenya and his party. He said that China respects the choices made by the republics of the CIS, and that he hoped that they would enjoy a stable situation as soon as possible.

He added that China is willing to develop friendly and co-operative relations with the CIS on the basis of the Five Principles of Peaceful Co-existence.

Korotchenya and his party arrived here Thursday [6 January] on their first visit to China, at the invitation of the Chinese People's Institute of Foreign Affairs.

Yesterday Liu Shuqing, president of the institute, met with and hosted a banquet in honor of the visitors.

The CIS guests are scheduled to visit south China's Guangzhou and Shenzhen cities.

### **Kazakhstan Prime Minister on Ties**

*OW0701054094 Beijing China Radio International in Russian 1900 GMT 6 Jan 94*

[Text] During a meeting with Chen Di, Chinese ambassador to Kazakhstan, Sergey Tereshchenko, the Prime Minister of this country, said that his country is interested in the future development of mutually beneficial and friendly cooperation with China. Sergey Tereshchenko emphasized that the visit to China by Nursultan Nazarbayev, the leader of Kazakhstan, gave new impetus to the development of bilateral ties, and promoted trade and economic cooperation between the two countries. He pointed out the need to build a second rail line to connect the two countries with the aim of broadening bilateral barter trade. Tuleutai Suleymenov, Kazakhstan's Minister of Foreign Affairs, was also present at the meeting.

### **Russian Press Cancels Boycott**

*OW0701015594 Beijing XINHUA in English 0102 GMT 7 Jan 94*

[Text] Moscow, January 6 (XINHUA)—Russian press today canceled a scheduled boycott after a government concession on a major hike of printing costs.

More than 20 Russian newspapers decided yesterday to stop publishing from January 11 to 17 when the new parliament opens its first session and U.S. President Bill Clinton visits Russia.

The move was designed to protest against a November 25 government decree which would raise the printing costs by five times.

To avert the press revolt, Prime Minister Viktor Chernomyrdin today held talks with the editors-in-chief of these newspapers and decided to suspend the decree.

## **Northeast Asia**

### **Reports on Japan's Tsutomu Hata's Visit**

#### **Interview Prior to Visit**

*OW0801024294 Beijing XINHUA Domestic Service in Chinese 1120 GMT 7 Jan 94*

[By reporters Xia Zhaolong (1115 0340 7893) and Tan Jianrong (6151 1696 2837)]

[Text] Tokyo, 7 Jan (XINHUA)—Japanese deputy prime minister and Foreign Minister Tsutomu Hata said here today that Japan-China ties have entered a new stage. In the coming years, it will be imperative to be world-oriented and future-oriented and to develop the friendly and cooperative relations between the two countries in a more extensive way.

Hata made the following comments in an interview with XINHUA at the Diet building prior to his visit to China.

He said: "We celebrated the 20th anniversary of Japan-China diplomatic normalization the year before last. Last year witnessed the 15th anniversary of the conclusion of Japan-China peace and friendship treaty. Relations between the two countries have entered a new stage.

Hata pleasantly recalled his visit to China in January 1973. He said with deep feeling: "I am very pleased to see that the relations between Japan and China have been developed in such an extensive and profound way over the past 21 years. I visit China every two or three years and every time I am very strongly impressed with the fine relations that are increasingly developing."

He said: In developing Japan-China ties, it is imperative to face the future and be conducive to world affairs in the future. As far as Japan is concerned, we should not forget to introspect the past's history. We should render active support to China in its reform and economic development. He continued: "A long-term and sustainable economic development in China is of vital importance. Now China is striving to build a socialist market economy. If it succeeds, it will have a significant bearing on the global economic development and on peace and stability in Asia and the world at large."

Commenting on Japan's economic cooperation with China and its aid to China, Hata said: It is hoped that China will pay attention to environmental protection while developing its economy. He said: "China is now upgrading weapons and striving to modernize its equipment. I do not believe that China will go for a big-military power status." He said that Japan will continue to provide aid and support to China in the future.

On the question of Japan-Taiwan ties, Hata said: The Japanese Government has maintained non-official contacts with Taiwan since the normalization of diplomatic ties between Japan and China. Although there are divergent views on the issue at home, the government's principled position is unchanged and it will remain so in the future."

At the conclusion of his interview, Hata said: Prime Minister Hosokawa has expressed on many occasions his wishes to visit China. When the opportunity arises, he will pay a visit at the earliest possible date.

### **Leaves for Beijing**

*OW0801073994 Beijing XINHUA in English 0649 GMT 8 Jan 94*

[Text] Tokyo, January 8 (XINHUA)—Japanese Foreign Minister Tsutomu Hata left for Beijing today for a two-day visit to China for talks with Chinese leaders.

Hata, who is also deputy prime minister, is the first minister in the cabinet of Prime Minister Morihiro

Hosokawa to visit China. It will be the third meeting between Hata and his Chinese counterpart Qian Qichen.

During his talks with Qian and Premier Li Peng later in the day, Hata will express Japan's continued support for China's ongoing economic reform, Japanese Foreign Ministry officials said.

He will also meet with Chinese President Jiang Zemin on Sunday before returning to Tokyo later the same day.

The Japanese foreign minister will reaffirm Tokyo's intention to help China recover membership in the General Agreement on Tariffs and Trade, the officials said.

### Arrives in Beijing

OW0801070394 Beijing XINHUA in English 0638 GMT 8 Jan 94

[Text] Beijing, January 8 (XINHUA)—Japanese deputy prime minister and Foreign Minister Tsutomu Hata arrived here this afternoon for a two-day official visit to China at the invitation of his Chinese counterpart Qian Qichen.

Foreign Minister Hata, the most important Japanese official visiting China this year, is scheduled to confer with Qian Qichen later today. He is also expected to meet with Chinese President Jiang Zemin and Premier Li Peng. Their discussions will cover mainly Sino-Japanese ties as well as regional and international issues.

### Signs Cultural Grant Accord

OW0801101494 Tokyo KYODO in English 0933 GMT 8 Jan 94

[Text] Beijing, Jan. 8 KYODO—Japanese Foreign Minister Tsutomu Hata concluded an agreement with Chinese officials Saturday [8 January] for a 125 million yen cultural grant in aid.

The aid package includes 29 million yen to buy new musical instruments for Chinese youths, 48 million yen worth of equipment for a cultural preservation training center and 48 million yen to purchase software for China's central television station.

### Meets With Qian Qichen

OW0801105094 Tokyo KYODO in English 1034 GMT 8 Jan 94

[Text] Beijing, Jan. 8 KYODO—Japanese Foreign Minister Tsutomu Hata urged China Saturday [8 January] to exert influence over North Korea to resolve the issue of Pyongyang's suspected nuclear weapons development program, Japanese officials said.

Hata, who arrived earlier in the day for a two-day visit, made the request in a meeting with Foreign Minister and Vice Premier Qian Qichen, the officials said.

How Qian responded to Hata's request was not available.

Hata, concurrently deputy prime minister, also called on China to increase the transparency of its military, with Qian replying China will "make efforts," the officials said.

Qian expressed concern over visits by high-ranking Japanese officials to Taiwan.

Qian also told Hata that Vice Premier Zhu Rongji will visit Japan in February, the officials said.

### Further on Talks With Qian

CM1001150894 Beijing XINHUA Domestic Service in Chinese 1443 GMT 8 Jan 94

[Text] Beijing, 8 Jan (XINHUA)—Chinese Vice-Premier Qian Qichen said here today that the friendly co-existence between China and Japan and their mutually beneficial cooperation constitutes an important factor in the maintenance of political stability and economic development in the Asia and Pacific region.

Qian, also China's foreign minister, made this statement in talks with Japanese Deputy Prime Minister and Foreign Minister Tsutomu Hata here this afternoon, shortly after his arrival here.

Hata's China trip at the beginning of the new year would promote the development of Sino-Japanese friendly ties of cooperation, Qian said.

According to Chinese officials present at the talks, Qian noted that the past year witnessed the strengthening of bilateral friendly ties of cooperation in politics, economy, culture, science and technology, and the expanded cooperation in all fields between the two countries.

The past year also saw new progress of Sino-Japanese economic and trade cooperation, Qian said.

He said that China appreciates the Japanese Government's positive attitudes in promoting Sino-Japanese ties and hopes it will make efforts to reduce its trade surplus with China.

Yet, China always advocates that a positive trade balance should be achieved through the expansion of bilateral trade, Qian stressed.

There exist many favorable factors for the two countries to expand their trade ties, Qian said, adding that China's economy has embarked on the track of sustained and healthy development and it is ready to further expand the current cooperation of mutual benefit with the joint efforts of the Japanese side.

During the talks, Hata reiterated Japan's continued support for China's reform and opening-up policies.



The third batch of Japanese Government loans to China would be used up by 1995, he said, adding that his country is willing to continuously provide this kind of loan so as to facilitate the bilateral economic and trade cooperation.

The three batches of loans have played a positive role in China's economic development, and in the meantime, promoted the development of the economic cooperation between the two countries, Qian said, adding that the Chinese side appreciates the positive attitudes of the Japanese Government on the provision of the fourth batch of Japanese Government loans.

The two foreign ministers have agreed that specific issues concerning the fourth batch of loans should be negotiated by the relevant departments of the two countries.

Hata also reiterated Japan's support for China's resumption of its contracting partner status in the general agreement on tariffs and trade (GATT).

China is an important country and it is necessary for China to re-enter GATT, Hata said, adding that Japan would cooperate closely with China in this respect.

The two foreign ministers also agreed to strengthen their cooperation in the area of environmental protection. They hold that this accords with the interests of both sides and constitutes an important contribution to the world environmental protection as a whole.

They supported the idea that the relevant departments of the two countries intensify their studies on this issue and try to reach an agreement on environmental protection cooperation as soon as possible.

Both of them agreed that it is of great significance to the strengthening of mutual understanding that the two countries further develop cultural exchanges.

They also agreed that the current Sino-Japanese ties are good and that to steadily develop their ties, the two sides should maintain the momentum of high-level contacts.

On the Taiwan issue, Hata reaffirmed that Japan sticks to all the principles of the Japan-China joint communique and will not support the idea of "two Chinas" and will not develop official ties with Taiwan. This stance on the Japanese side will not change in the future, Hata said.

Talking about the nuclear issue on the Korean peninsula, Qian said the Chinese Government welcomes the positive progress achieved recently through negotiations between the Democratic People's Republic of Korea and the United States.

China hopes that the two sides will cherish this progress, continue with their talks and settle this issue properly at an early date.

Hata also voiced appreciation of the progress on this issue.

After the talks, the two sides signed three documents on Japan's offer to China a financial assistance, totalling 125 million yen.

### Discusses Military Development

OW0801132094 Tokyo KYODO in English 1307 GMT  
8 Jan 94

[Text] Beijing, Jan. 8 KYODO—Japanese Foreign Minister Tsutomu Hata Saturday [8 January] told his Chinese counterpart Qian Qichen that Japan expects more transparency in Chinese military affairs and expects China to play a role in resolving the issue of North Korea's suspected nuclear arms development, a Japanese official said.

During two and a half hours of talks, Hata said Japan welcomes the recent agreement by the North Koreans to allow some inspections, the official said.

Qian was quoted as saying China also welcomed the new development, adding China expects the problem to be solved rapidly in order to keep peace and stability in Northeast Asia, he said.

Hata, concurrently deputy prime minister, told Qian that Japan expects more transparency in China's military development and indicated that human rights improvements in China would be conducive to better Sino-U.S. relations.

The spokesman said Hata, who arrived earlier in the day for a two-day visit, also took a stand on nuclear weapons proliferation and urged China to abide by the Missile Technology Control Regime, which aims at preventing proliferation of ballistic missile technology.

The Chinese side said they would actively participate in a total ban on nuclear weapons, a nuclear test ban treaty, the Nuclear Nonproliferation Treaty and would register their conventional weapons with the United Nations, he said.

Qian, also vice premier, expressed concerns over recent relations between Japan and Taiwan.

Hata said there would be no change in Japan's policy toward Taiwan, and that Japan would continue to abide by the 1972 Japanese-Chinese Joint Communique in which Japan recognized China as sole legitimate government.

Japan's Ministry of International Trade and Industry has recently sent high-level officials to Taiwan in order to service an expected 13 billion dollar trade surplus with the island territory in 1993.

Qian said Vice Premier Zhu Rongji, known as China's economic czar, will visit Japan in February.

An invitation was also extended to President Jiang Zemin, but no date was set, the Japanese official said.

Qian strongly requested a visit to China by Prime Minister Morihiro Hosokawa, with the Japanese side expressing hope that a visit will be made at an early stage, but no date was fixed, the spokesman said.

The Japanese side proposed dividing loan periods from five years to three-year and two-year periods beginning with the 1996 fiscal year, with yearly reviews in accordance with the principles of the official development assistance, the official said.

Qian basically accepted the new arrangement, while saying China appreciated both Japan's contribution to Chinese economic development as well as the new arrangement for the loans.

Qian also agreed to yearly reviews of projects involving the Japanese loans, the official said.

Japan has extended yen-denominated loans to China under five- and six-year programs since 1979, with 528.2 billion yen loaned out in the 1990 to 1995 period covering 42 Chinese projects.

### **Confers With Li Peng**

*OW0801141994 Beijing XINHUA in English 1411  
GMT 8 Jan 94*

[Text] Beijing, January 8 (XINHUA)—Chinese Premier Li Peng exchanged views on Sino-Japanese relations and regional issues with visiting Japanese Deputy Prime Minister and Foreign Minister Tsutomu Hata here this afternoon.

Li said he was pleased with the smooth development of Sino-Japanese relations in recent years.

"Sino-Japanese relations have made satisfactory achievements in every field of communication and cooperation," Li said.

"Cooperation in the economy, trade and technology has been on a track of steady development, with the volume of bilateral trade hitting 35 billion U.S. dollars last year, which is a result of joint efforts and symbolizes that Sino-Japanese relations have entered a new stage," said Premier Li peng.

He urged that both countries should exert further efforts to keep the momentum going.

"With the deepening of China's reform, and the growing of China's huge market, the prospects for Sino-Japanese cooperation is promising," Li said.

Tsutomu Hata arrived in Beijing this afternoon.

Li said Hata's two-day official visit to China will certainly strengthen Sino-Japanese relations.

"The purpose of reform is to develop productivity, and enhance people's living standard," Li said when briefing Hata on China's reform.

The years of practice had indicated that China had paid much attention to and was able to deal properly with problems arising in the process of reform and development, Li said.

"Whenever we are to adopt a new measure, we always take into consideration the endurance capability of the country, enterprises and people," Li said.

When talking about the Korean peninsula, Li emphasized that China supports the non-nuclear proposal and stability and peace there, and hoped the nuclear problem of the peninsula would be resolved through negotiations.

"We oppose any coercive way or embargo, which will inevitably make the problem more complicated," Li said.

Hata said Japan was satisfied with the current Japan-China relations, and expressed admiration for China's rapid economic growth.

Hata held that China's reforms are of great importance to Asia and the Pacific region.

Hata told Li that though a new government now ruled in Japan, the policy of Japan-China friendship will not be changed.

Li extended through Hata his invitation for Prime Minister Morihiro Hosokawa to visit China.

Hata said prime minister Hosokawa was looking forward to touring China soon.

Among those also taking part in the meeting were Deputy Premier and Foreign Minister Qian Qichen and other high Chinese and Japanese officials.

### **Received by Jiang Zemin**

*OW0901080994 Beijing XINHUA in English 0751  
GMT 9 Jan 94*

[Text] Beijing, January 9 (XINHUA)—President Jiang Zemin urged Chinese and Japanese leaders to work together to ensure the long-term and steady growth of their bilateral ties.

Jiang, in an hour-long meeting with visiting Japanese Deputy Prime Minister and Foreign Minister Tsutomu Hata, noted that remarkable progress has been made in promoting the Sino-Japanese relations in various fields, due to joint efforts.

He recalled his meeting with Japanese Prime Minister Morihiro Hosokawa during the informal APEC [Asia-Pacific Economic Cooperation] summit in Seattle last November, saying that the two leaders reached agreement on many issues.

Jiang also stressed that it is very important for the Chinese and Japanese leaders to take a long-term point of view in reviewing and handling Sino-Japanese relations.

He said that a steady growth of such relations benefits both sides and is also useful to peace and development in the Asia-Pacific region and in the world at large.

Hata agreed with Jiang's assessment of the Sino-Japanese relations, saying that the furtherance of the relations produces a positive impact on peace and stability in the Asia-Pacific region and in the whole world.

He also expressed admiration over China's economic growth and the successful reform and opening drive.

Present at the meeting was Chinese Vice-Premier and Foreign Minister Qian Qichen.

#### **Views Economic, Military Relations**

*OW0901080794 Tokyo KYODO in English 0759 GMT 9 Jan 94*

[Text] Beijing, Jan. 9 KYODO—Japanese Foreign Minister Tsutomu Hata, on the last day of a two-day visit to China, Sunday [9 January] expressed hopes of further developing bilateral relations in a "future-oriented and global context."

Speaking before the press following his morning meeting with Chinese President Jiang Zemin, Hata dispelled concerns over Japanese-Taiwan relations, while reiterating both a common Chinese and Japanese will to resolve the nuclear question on the Korean peninsula.

The foreign minister said he told Chinese leaders that Japan would continue to abide by a one-China policy based on nongovernmental and economic relations and that Japan would continue to abide by the Japan-China joint communique.

"For development of China and the development of Asia, we cannot deny the development of Taiwan," he said, while welcoming the participation of both Taiwan and Hong Kong in the Asia-Pacific Economic Cooperation Forum.

"As far as I know, no member of the (Hosokawa) cabinet will visit Taiwan," Hata said.

Hata asked the Chinese leadership to make use of its historical and geographical position to "convey the suspicions of the international community concerning nuclear development" to North Korean leaders.

The Chinese side reiterated its opposition to pressuring or placing sanctions on North Korea, he said, but the Chinese assured him that they would play a positive role in seeking a solution to the nuclear question on the Korean peninsula.

Hata felt it was important for China to enter the General Agreement on Tariffs and Trade because of its growing economy and influence over international trade.

Working-level talks between Japan and China for China's membership in the world trade body "would begin soon," he said.

Hata referred to Japanese-Chinese relations as entering a new phase after the 20th anniversary of the normalization of diplomatic relations in 1992 and the 15th anniversary of the signing of the Sino-Japan peace treaty.

After his arrival in Beijing Saturday, Hata met with Chinese Foreign Minister Qian Qichen and Premier Li Peng.

In a meeting with Jiang, Hata called on China to make efforts for disarmament, saying Japan and other neighboring countries are concerned about China's increasing military spending, Japanese officials said.

The Chinese president said China's military forces are designed to only defend China's land and economy, adding that an increase in commodity prices was behind the rise in military expenditures, according to the officials.

Jiang was also quoted as saying that China does not have any ambition and will never seek hegemony.

The most important issue for the Chinese Government is how to feed its 1.2 billion people, Jiang added.

The two leaders shared the view that Japan and China have been playing a pivotal role in the peace and stability of Asia, the officials said.

#### **Holds Press Conference on Ties**

*OW0901091494 Beijing XINHUA in English 0858 GMT 9 Jan 94*

[Text] Beijing, January 9 (XINHUA)—Japanese Deputy Prime Minister and Foreign Minister Tsutomu Hata gave a press conference here today before winding up his two-day China tour.

He told Chinese and foreign reporters that he had discussions with Chinese leaders on bilateral ties, regional and international issues.

The two sides also exchanged views on Japan providing new government loans to China after 1995, he added.

He said that Prime Minister Morihiro Hosokawa takes the Japan-China relations as one of the pillars of the Japanese Government's foreign policy.

In the coming years, he said, the Japanese Government will make such relations more forward-looking and more beneficial to the world.

Meanwhile, Japan will continue to support China's reform and open policy, because the policy is of great

importance to China, to the neighboring countries and even to the whole world, he said.

To ensure continuous growth of the Sino-Japanese economic cooperation and trade, he said, the two sides have agreed to make more efforts in improving the environment for the economic activities.

He described China's drive to build a socialist market economy as a "gigantic, historic experiment," and expressed the hope that it will succeed.

On the nuclear issue in the Korean peninsula, he said that Japan and China are in complete agreement that there should be no nuclear weapons in the peninsula.

The participation in international cooperation by Korea, a member of the international community, is very important to Korea itself and to Northeast Asia as well, he stressed.

The two sides have also confirmed that they will, proceeding from their respective positions, make efforts to ensure that the northern part of Korea will accept the IAEA's [International Atomic Energy Agency] inspection and that the North-South dialogue will move forward.

He said that China, now the world's eleventh largest trading power, should regain its seat in the GATT, and Japan will continue to support China's endeavors.

### Concludes Visit

OW0901144894 Beijing XINHUA in English 1429  
GMT 9 Jan 94

[Text] Tokyo, January 9 (XINHUA)—Japanese Foreign Minister Tsutomu Hata ended his 2-day visit to China today and returned to Tokyo this evening.

The Japanese media has been reacting favorably to the trip. Leading newspapers, news agencies and TV stations here have given prominent coverage to Hata's talks with Chinese Foreign Minister Qian Qichen and the meetings with Chinese President Jiang Zemin and Premier Li Peng.

As deputy prime minister, as well as foreign minister in the Hosokawa cabinet, Hata's China trip paves the way for the planned visit to China by Prime Minister Morihiro Hosokawa this spring.

Political analysts have pointed out that Hata's journey to China has helped alleviate the bitter memories of the past, and renewed bilateral ties enabling a free exchange of opinion.

That the visit marks a major step forward in ushering in a new era for Sino-Japanese relations was a view widely expressed in the Japanese media.

### Japanese Spokesman Comments on Trip

OW0901101994 Tokyo KYODO in English 1010 GMT  
9 Jan 94

[By Robert J. Saiget]

[Text] Beijing, Jan. 9 KYODO—Japanese Foreign Minister Tsutomu Hata's just completed two-day visit to China was short, tough and to the point as the two Asian giants patiently lay down their cards amid ever-changing roles in Asia's burgeoning economic sweepstakes.

The theme of Hata's visit this time around was a new era of development based on an orientation toward future relations and discussed in the context of contributions toward the international community, a Japanese Foreign Ministry spokesman said.

Such a "forward orientation," an obvious way to avoid the horrors of times gone by, was carefully balanced by Hata's reiteration that Japan would not forget "the self-reflection of the past."

While the Chinese leadership cordially listened to Hata's explanation of developing relations in a global context, they remained mum on questions concerning war retribution and refused to comment on Japan's ambitions to join the United Nations Security Council, the spokesman said.

Hata, while sidestepping direct references to the war, told the press that "a frank exchange of views is natural to deeper relations."

He did not, however, say when that exchange of view will come nor did he speculate on how China will use the "war compensation card."

China, too, appears to be ready to use Japan's UN ambitions to the fullest effect, which in China's case usually means "more economic aid."

Japan has lent thousands of billions of yen to China through its overseas development assistance program and the rearrangement in the loan schedules during the visit were applauded by both sides.

Japan, among developed nations, arguably has the clearest understanding of the actual situation in China and is fully aware of China's financial situation which remains bogged down by the large, backward and underdeveloped regions.

Meanwhile bilateral trade relations neared 35 billion dollars in 1993 to reach a record height, while China continued to call for increased investment from Japan.

In such a light, the future of Japan-China relations has no big change on the horizon—the Japanese Government will continue in its quiet ways to offer support and assistance to China's endeavors, while Japanese businesses will take advantage of their technology and advanced products to reap the benefits of the huge Chinese market.



### PRC Officials View Visit

OW0801143794 Tokyo KYODO in English 1427 GMT  
8 Jan 94

[Text] Beijing, Jan. 8 KYODO—Premier Li Peng and Foreign Minister Qian Qichen expressed concerns Saturday [8 January] over recent Japanese-Taiwan relations in meetings with Japanese Foreign Minister Tsutomu Hata.

Hata arrived in Beijing Saturday afternoon for a two-day visit and immediately had talks with Qian and Li.

In a two-hour meeting with Qian, also a vice premier, Hata expressed hopes to further develop relations "in a future oriented and global context," a Japanese Foreign Ministry spokesman said.

Replying to Chinese concerns over recent Japanese-Taiwan relations, Hata said Japan's one-China policy has not changed, as stated in the 1972 Japan-China Joint Communiqué in which Japan recognized China as sole legitimate government, the spokesman said.

China's concerns are believed to be based on a high-level visit to Taiwan by Hiroshi Sakamoto, chief of the Ministry of International Trade and Industry's Industrial Policy Bureau.

Japan switched diplomatic relations from Taipei to Beijing in 1972 and no Japanese cabinet ministers have visited Taiwan, which China regards as a renegade province.

Japanese Prime Minister Morihiro Hosokawa and Vincent Siew, Taiwan's economic minister, exchanged greetings at the Asia-Pacific Economic Cooperation summit in Seattle last November, the first-ever contact between a Japanese premier and a senior Taiwanese official since 1972.

Leaders of Shinseito [Japan Renewal Party], a partner in Hosokawa's seven-party coalition government, have sought the opening of ministerial-level ties between Tokyo and Taipei.

Both Hata and Qian expressed satisfaction with North Korea's recent agreement to allow international inspections of its nuclear facilities, with Hata stressing Japan's expectation that China play a positive role to "dispel the doubts of the international community" concerning the nuclear program in North Korea, the official said.

Qian said he expected "the issue to be solved soon" and recognized its importance to the "peace and stability of Northeast Asia," he said.

The Japanese foreign minister also told Qian that Japan expects more transparency in China's military expenditures, and urged him to abide by the Missile Technology Control Regime, which aims at preventing proliferation of ballistic missile technology. Hata also indicated that

human rights improvements in China would be conducive to "respect and trust" in the international community.

Qian reiterated active participation in efforts toward a comprehensive ban on nuclear weapons, a nuclear test ban treaty, the nuclear non-proliferation treaty and registering conventional weapons with the United Nations, the spokesman said.

It was agreed that Chinese Premier Zhu Rongji, known as a reformer and believed to be the main force behind China's ambitious economic reform, would visit Japan in February, the official said, while Prime Minister Morihiro Hosokawa is hoping to visit China as soon as possible. The Chinese side also accepted an invitation for President Jiang Zemin to visit Japan.

Japan vowed to support China in its efforts to become a contracting nation in the General Agreement on Tariffs and Trade.

Concerning a new arrangement for Japanese development loans to China, both sides agreed to a new arrangement shortening the loan term period from five and six years to a three-year and two-year arrangement with yearly reviews of loan projects according to the principles of Japan's official development assistance (ODA), the spokesman said.

Hata later made a courtesy call to Premier Li Peng and discussed several issues including the economic situation in both countries, the official said.

The Japanese foreign minister also went over the principles of ODA with the Chinese premier, which stipulate that loans can be offered to nonmilitary projects that promote further democratization and basic human needs.

Japan has agreed to loan China 810 billion yen for the 1990 to 1995 period, of which 528 billion has already been loaned.

Li said Japan and China enjoy a good relationship. He praised Japan for its one-China policy towards Taiwan and welcomed the new developments on the Korean peninsula, the spokesman said.

Hata will meet with President Jiang Zemin Sunday, before returning to Tokyo the same day.

### Reports on ROK's Yi Man-sop's Visit to Beijing

#### Discusses DPRK, Nuclear Issues

SK0801094394 Seoul YONHAP in English 0931 GMT  
8 Jan 94

[Text] Beijing, Jan. 8 (YONHAP)—South Korean National Assembly speaker Yi Man-sop met with Chinese President and General Secretary of the Communist Party Jiang Zemin Saturday [8 January] afternoon here

and discussed North Korea's nuclear problem and ways to expand cooperation between Seoul and Beijing.

Yi also delivered President Kim Yong-sam's intention to invite Jiang to Seoul.

"Chinese economy has developed remarkably because of the reform and openness policy of senior leader Deng Xiaoping and Jiang," Yi said.

Yi proposed to expand cooperation and technology development in automobile and electronics between the two countries.

Jiang replied that he will visit Seoul if he has a chance just as he had promised with President Kim at the Asia-Pacific Economic Cooperation (APEC) summit meeting in Seattle last November.

Jiang said he had ordered the related ministries to take measures to boost cooperation in electronics and automobile with South Korea.

On the North Korea's nuclear issue, Jiang asserted that a peaceful solution is desirable through negotiations of concerned parties.

#### **Welcomed by Jiang Zemin**

*OW0801125894 Beijing XINHUA in English 1241 GMT 8 Jan 94*

[Text] Beijing, January 8 (XINHUA)—Chinese President Jiang Zemin said here today that China attaches importance to the friendly relations between China and the Republic of Korea (ROK) and would like to see them constantly developed.

Welcoming Yi Man-sop, visiting speaker of the National Assembly of ROK, Jiang said he believed that Yi's China visit would further Sino-ROK ties.

Jiang said that as neighborly countries, to conduct and develop cooperation of friendship between China and ROK accords to the interests of the two peoples and is also conducive to regional security and stability.

Yi conveyed greetings from ROK President Kim Yong-Sam to Jiang. Jiang also asked Yi to give his regards to Kim when Yi returns home.

Yi spoke highly of the remarkable progress China has achieved in its reform and opening up, saying that it gives the Chinese people grounds for pride.

He said the economies of the ROK and China have advantages of their own. As long as the two sides jointly strengthen cooperation, he said, ROK and China are certain to play positive roles in promoting regional and international economic development.

Tian Jiyun, vice-chairman of the Standing Committee of the Chinese National People's Congress (NPC), attended the meeting.

#### **Meets Son of Deng Xiaoping**

*SK0801035594 Seoul YONHAP in English 0259 GMT 8 Jan 94*

[Text] Beijing, Jan. 8 (YONHAP)—National Assembly Speaker Yi Man-sop meets with Chinese President Jiang Zemin on Saturday afternoon to discuss ways to resolve the North Korean nuclear issue and to boost bilateral political and economic cooperation.

Yi is to seek Beijing's continuous efforts to stop the North Korean nuclear program and its support in realizing a reunion of separated families in each side of Korea.

He is scheduled to meet with Prime Minister Li Peng afterward.

Earlier in the morning, Deng Pufang, eldest son of paramount leader Deng Xiaoping, visited Yi in the Diaoyutai guest house.

Deng, chairman of the China Disabled Persons' Federation, told Yi he sincerely welcomed him to China on behalf of his family and hoped his visit would help to develop bilateral ties.

Yi, in return, bade Deng Xiaoping good health and asked his son to deliver his greetings.

"I'm confident that my visit will be epoch-making in bilateral ties. South Korea and China should join forces to open up the bright future of the 21st century," Yi said.

The aged Deng is said to be resting in southern China with his family. His third daughter, Rong, who visited Seoul last November to promote a best-selling biography of her father, sent a gift to Yi through the foreign committee of the National People's Congress.

Yi arrived in Beijing on Thursday for a seven-day visit at the invitation of his counterpart, Qiao Shi, for the first legislative contact between South Korea and China. The countries normalized diplomatic ties in August 1992.

#### **Li Peng Welcomes Yi**

*OW0801125394 Beijing XINHUA in English 1237 GMT 8 Jan 94*

[Text] Beijing, January 8 (XINHUA)—Chinese Premier Li Peng said here today that the economies of China and the Republic of Korea (ROK) are highly complementary to each other and that bilateral cooperation in this regard has bright prospects.

Li made the remarks at a meeting with Yi Man-sop, speaker of ROK's National Assembly, and his party here this afternoon.

The Chinese premier extended a warm welcome to Yi, who is the first speaker of the ROK National Assembly to visit China since the two countries established diplomatic relations.

He expressed the belief that the visit would play a positive role in promoting the development of bilateral ties, mutual understanding and cooperation between the two peoples and two parliaments.

The satisfactory development of bilateral cooperation and exchanges in every field was the result of the joint efforts on both sides, he said, adding that the two parliaments have also done their bit in this respect.

He noted that ROK's economy has been developing rapidly and that the country has economic and technological advantages of its own.

China's economy is also growing vigorously and the prospects of cooperation between the two countries are bright, he stressed.

The Chinese people are now concentrating on their economic development at home and pursuing a foreign policy of peace abroad, Li said. "We attach special importance to developing friendly ties of cooperation with our neighbors," Li noted.

On domestic affairs, Li said China's economic growth in the past decade resulted from the reform and opening-up policies initiated by Deng Xiaoping.

"We are going to put forward a series of reform measures in the future," he said. These reforms would be active as well as sustained and the relations between reform, development and stability would be handled properly, he added.

Speaking of his visit here, Yi said his delegation had extensive contacts and mutual understanding with China's National People's Congress (NPC) and other departments.

The ROK's National Assembly would play an active role in promoting ROK-China ties, Yi noted.

"We admire Mr. Deng Xiaoping very much. We have seen with our own eyes the great achievements China has made while maintaining its stability," Yi told the Chinese premier.

Tian Jiyun, vice-chairman of the NPC's Standing Committee, took part in the meeting.

This morning, Deng Pufang, president of the China Association for the Handicapped, met with Yi at the Diaoyutai State Guesthouse. The two had a cordial talk.

### **Discusses Economics With Li Peng**

*SK1001022394 Beijing China Radio International in Korean 1100 GMT 9 Jan 94*

[Text] Chinese Premier Comrade Li Peng, while meeting with ROK National Assembly Speaker Yi Man-sop in Beijing yesterday, said that the Chinese economy has made considerable advances over the last decade. This is one of the fruits of Deng Xiaoping's policy of reform and openness.

Premier Li Peng said that the Chinese people are accelerating economic construction wholeheartedly. He said that China is planning to take a series of important steps this year in terms of economic reform, adding that the Chinese reform is positive and stable. He said that the Chinese Government is attaching great importance to interrelations with reform, development, and stability.

Premier Li Peng told Speaker Yi Man-sop, who is visiting China for the first time, that the economies of China and the ROK have the potential to complement each other and that there is a great chance for the development of economic and trade cooperation between the two countries.

Speaker Yi Man-sop praised Deng Xiaoping's policy of reform and openness highly. He said that he personally witnessed the development which China is making, expressing his admiration for it. He said that the ROK National Assembly is prepared to spare no efforts to develop relations between the ROK and China. Autoprocessing Division

## Political & Social

### Another Deng Xiaoping Southern Tour Rumored

*HK1001092494 Hong Kong SING TAO JIH BAO in Chinese 8 Jan 94 p 2*

["Special report" by staff reporter Tung Yang (2767 712): "Deng Is Reported To Make Another Southern Tour"]

[Text] It is approaching the Lunar New Year, and people are inclined to guess the whereabouts of Deng Xiaoping, China's supreme leader, who has retired behind the scenes. The recent talk of the town in Guangzhou was that Deng Xiaoping would make another "southern tour," and spend the spring festival in Guangzhou instead of Shanghai as is the usual practice.

A renowned expert, who has familiar knowledge of Beijing's political and economic situation, stated that China had already pushed the market economic reform in a comprehensive way in line with Deng Xiaoping's line of thought. However, because relevant plans have involved interest redistribution, extremely great differences remained inside the CPC, with intensified interest contradiction between the central authorities and localities. Deng Xiaoping recently said that he would stand up and speak his mind.

Aside from paying attention to various step-by-step reforms that have already been pushed, Deng has also shown great concern for the issue of inflation. Some reports indicate that Deng made a few points about the grain price rise that took place toward the end of last year. He said that the matter showed that the mass mentality remained comparative fragile; he required governments at various levels to pay attention to issues of a universal nature surfacing in the course of reform as well as people's tolerance; at the same time, he praised the central authorities for adopting prompt measures to stabilize grain prices, saying that the action was an expression of the collective leadership's maturity.

Deng's remarks have once again backed Vice Premier Zhu Rongji. Not long ago, cadres in China studied Zhu Rongji's recent speech delivered at a CPPCC meeting. In his speech, Zhu stressed that differences in thinking inside the party and between the central authorities and localities remained regarding issues of reform, while frankly acknowledging that the central authorities and he himself were under very great pressure. It was learned that some conservative force had recently impeded relying of reforms on the issue of inflation. While Deng praised the central leadership for its practice, he was obviously backing Zhu Rongji.

An official of the Guangdong Provincial People's Government said that Deng was likely to take advantage of his appearance during another southern inspection tour during the Spring Festival to air his opinions. Ever since mid-December, news has spread that Deng Xiaoping would make another tour of Guangdong. The official

said Deng southern inspection tour that took place at this time in 1991 started a whirlwind of reform across China. Today, China has already announced that it would build the market economy; in addition, beginning with last July, the central authorities have implemented macroeconomic regulation and control. In a nutshell, the changes in Guangdong over the past two years are worth Deng seeing with his own eyes. Another point is that the finance and tax reform to be pushed in 1994 is not favorable to coastal developed provinces including Guangdong. Should Deng make another southern inspection tour, that might play the role of appeasing localities.

Last month, Beijing Vice Mayor Zhang Baifa disclosed that he accompanied Deng Xiaoping touring Beijing last October. Presently, the north has become bitter cold, and Deng Xiaoping should already have gone south to avoid the cold weather, or is he making plans for another "southern inspection tour?"

### Deng Xiaoping Reportedly Inspects Shanghai

*HK1001040494 Hong Kong WEN WEI PO in Chinese 10 Jan 93 p 2*

["Special dispatch" from Shanghai: "Deng Xiaoping Inspects Shanghai Commercial Street, and Ascends Yangpu Bridge in Wind and Rain"]

[Text] Shanghai, 9 Jan (WEN WEI PO)—Deng Xiaoping has appeared in public in Shanghai. As the evening lights were lit on New Year's Day, Deng Xiaoping, sitting in a car, inspected two of Shanghai's busy commercial streets, which had taken on a new look after thorough renovation. His car slowly drove past Nanjing road and Huaihai road, which were shining brilliantly with neon lights, to stop at the five-star New Jinjiang Hotel, from the top floors of which one can overlook the entire city.

According to a source who was at the site, at about 1900 on New Year's Day, accompanied by his family, Deng—healthy and spry—walked steadily into the spacious lobby of the New Jinjiang Hotel. Foreign guests staying at the hotel and people seeking diversions were strolling or chatting leisurely in the lobby, which was permeated with a warm and auspicious atmosphere. People congratulated themselves on their good luck to see personally the elegant demeanor of the chief architect of China's reform and openness.

As always, Deng Xiaoping came to Shanghai when winter began, and stayed at a hotel where he used to live every time he was in the municipality. Compared with previous years, he came earlier this year. It has been reported that, accompanied by his beloved daughter Mao Mao, Deng Xiaoping inspected the magnificent Yangpu Bridge on 13 December 1993. According to a reliable source, it was drizzling that day as his car drove to the cable-stayed bridge that stretches over the river, with the roaring winds audible inside the car. Even given these weather conditions, Deng Xiaoping, at his advanced age of 90, got out of the car in high spirits and,



braving the wind and rain, walked steadily for more than 20 meters on the broad surface of the bridge, halting now and then to view the landscape on both shores of the Huangpu Jiang.

#### **Li Peng, State Council Examine Draft Laws**

OW0801050394 Beijing XINHUA Domestic Service in Chinese 1054 GMT 7 Jan 94

[Text] Beijing, 7 Jan (XINHUA)—State Council Premier Li Peng presided over the State Council's 14th executive meeting today to examine the "Labor Law of the People's Republic of China (Draft)" and the "Regulations on the Management of Foreign-Funded Financial Institutions of the People's Republic of China (Draft)."

To meet the demands of reform, opening up, and developing a socialist market economy; to maintain the legitimate rights and interests of the working people and a harmonious labor relationship; and to safeguard the rights and obligations as stipulated in our country's Constitution, the Labor Ministry, working together with relevant departments, following a long investigation and study, and after taking into consideration our country's reality, formulated the "Labor Law (Draft)."

The "Labor Law of the People's Republic of China (Draft)," approved in principle at today's executive meeting, will be submitted to the Standing Committee of the National People's Congress for deliberation after further revision.

To enhance and improve the supervision and management over foreign-funded financial institutions and to meet the demands of opening up and economic development, the conference also discussed and approved the "Regulations on the Management of Foreign-Funded Financial Institutions of the People's Republic of China (Draft)" in principle. The regulations will be officially promulgated by the State Council after further revision.

#### **Li Peng, Chen Junsheng Discuss Flood Prevention**

OW0901002994 Beijing XINHUA Domestic Service in Chinese 1055 GMT 7 Jan 94

[By reporter Zhao Lianqing (6392 6647 1987)]

[Text] Beijing, 7 Jan (XINHUA)—While commenting the work of harnessing the Huai He and the Tai Hu today, Premier Li Peng pointed out: All provinces, cities, and departments concerned should continue to strengthen their leadership in harnessing the Huai He and the Tai Hu, carry forward the fine tradition of self-reliance, hard work, and unity in harnessing floods, guarantee that funds for such efforts are available in time, and create necessary material conditions for the work. It is necessary to mobilize people's enthusiasm in harnessing the Huai He and the Tai Hu and exert joint efforts to do a good job which will help eliminate the

calamities, maintain a long period of peace and stability, and benefit the generations to come.

At the Third Work Meeting on Harnessing the Huai He and the Tai Hu which concluded today, State Councillor Chen Junsheng conveyed Premier Li Peng's abovementioned opinions.

In his concluding speech at the meeting, Chen Junsheng said: The project of harnessing the Huai He and the Tai Hu has a direct bearing on the future economic development in the two valleys and on the whole situation of nationwide reform, opening, and socialist modernization drive. Therefore, governments at all levels in these areas and relevant departments of the central government should shoulder the historic task of harnessing the Huai He and the Tai Hu with a great sense of responsibility. They should see to it to attain the set goal of achieving the initial results in harnessing the Huai He in the "eighth five-year" period and basically accomplishing the work in the "ninth five-year" period as well as basically accomplishing the work of harnessing the Tai Hu in the "eighth five-year" period.

Chen Junsheng said: The Huai He and Tai Hu valleys—with a population of 143 million people, 200 million mu of farmland, and one sixth of total grain output in the country—is China's main production base of grain, cotton, and oil-bearing seeds. This is one of the economically developed areas in China—a golden area with a total industrial and agricultural output value accounting for one eighth of the country's total. But the Huai He valley suffers from severe droughts and floods, with fairly serious floods every three or four years. In 1991 alone, the economic losses caused by the floods of the Chang Jiang and the Huai He reached 48 billion yuan. If we do not speed up the harnessing work, inestimable life and property losses will occur again once great floods hit.

While talking about the first three-year work of harnessing the Huai He and the Tai Hu in the "eighth five-year" period, Chen Junsheng said: Among 18 backbone projects for harnessing the Huai He, 12 of them have been started, with an investment of 2.235 billion yuan. Among 10 backbone projects for harnessing the Tai Hu, seven of them have been started, with an investment of 1.292 billion yuan. The construction of all projects goes on fairly smoothly, with some projects already playing their role in preventing floods.

Chen Junsheng said: The work of harnessing the Huai He and the Tai Hu will enter an all-out critical stage this year. Departments concerned should have a sense of urgency and strengthen their leadership in the work. For this year, the state's investment in the projects is 1.84 billion yuan, an increase of 50 percent over last year. Department concerned of the central government must ensure that such funds are available in time. Local governments also must guarantee the input of supplementary funds.

Chen Junsheng emphatically said: It is necessary for departments concerned to further strengthen leadership

in the work of harnessing the Huai He and the Tai Hu, clarify their responsibilities, and carry out their duties. All relevant provinces and cities in the Huai He and the Tai Hu valleys should closely cooperate with each other and be united in harnessing the floods. They must follow the basic principle of taking the whole situation into consideration, be cooperative, and sharing burdens in their future efforts of harnessing the Huai He and the Tai Hu. Thanks to the efforts of the past several years in building water conservancy projects for harnessing the Huai He and the Tai Hu, these projects will be put into operation one after another. All localities must attach great importance to the management of these projects so as to generate maximum results. Equal attention should be paid to project construction, management, and flood prevention. During the construction period, it is possible for floods to occur each year. Therefore, we should not relax efforts in all flood-prevention tasks. Effective measures should be made to repair the projects damaged by floods. We should be resolute in doing a good job in dredging river courses. We should guarantee that projects already accomplished are put into service on time so as to ensure safe flood seasons.

At the meeting, Minister Niu Maosheng of water resources talked about this year's goal of harnessing the Huai He and the Tai Hu. He said: It is imperative to launch a compressive drive to harness the upper, middle and lower reaches of the Huai He's main tributaries. We should open the passage of the middle reaches of the Huai He with all speed. All-out construction of the new river course for the Huaihe should begin so as to ensure its all-line completion in 1995. More efforts should be made in building projects for diverging river water to the east and the south, with a goal of accomplishing the first phase project in 1995. We should still focus the work of harnessing the Tai Hu on projects designed to diverge water of the Taipu He, the Wangyu He, and the Hangjia He to the south and ensure that these projects will be accomplished in 1995. Continued efforts should be made to build the dikes surrounding the Tai Hu and flood-prevention projects in east Shao Xi and west Shao Xi.

### **Li Ruihuan Inspects Heilongjiang Province**

*SK0801091994 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 7 Jan 94*

[Text] While inspecting Heilongjiang Province, Li Ruihuan, Standing Committee member of the Political Bureau of the CPC Central Committee and chairman of the National Committee of the Chinese People's Political Consultative Conference [CPPCC], said: Spring Festival is a traditional festival of the Chinese people. Before Spring Festival, the cadres at various levels should go to the grass roots—particularly the enterprises and households experiencing difficulties—hold heart-to-heart talks with the people, render service and express warmth to the people, support the poor, do solid deeds for the people, and help the people have a good festival.

From 4 to 7 January, accompanied by Sun Weiben, secretary of the Heilongjiang Provincial CPC Committee; Shao Qihui, governor of the provincial government; and Zhou Wenhua, chairman of the provincial CPPCC committee, Li Ruihuan visited some state-owned large enterprises, institutions of higher learning, and scientific research institutes in the province to conduct investigations and to solicit their opinions. He heard the work report of the provincial party committee and fully affirmed the provincial party committee and government's achievements in guiding the broad masses of cadres and people to implement conscientiously the guidelines of the 14th party congress and the decision of the third plenary session of the 14th party Central Committee, to tide over difficulties, to promote economic development, and to safeguard social stability.

In regard to the current work, Li Ruihuan said: We should notice that the national current situation in various aspects is good. All localities are full of enthusiasm for engaging in construction and making developments. A faster economic growth rate has been maintained. The people's livelihood has noticeably improved. Simultaneously, we should clearly notice that some people still fail to improve rapidly their living conditions due to various reasons and some people are even confronted with some difficulties. We should always remember these people. We hope that the speed of construction will be faster and the scope of construction will be wider. In the final analysis, we do this in order to improve the people's livelihood. Therefore, in the course of construction, we should consider the interests of the people and particularly ensure that serious difficulties to the people's basic life do not result.

Li Ruihuan said: It is certain that reform will bring about benefits to the majority of the people. The reform measures relating to the readjustment of the interests of the people should thoroughly and cautiously be studied before implementation, strictly adhere with the changes of the situation after implementation, and be timely readjusted or supplemented if necessary. We should be concerned about the feelings of the people, conscientiously hear people's opinions, and strive to help the masses overcome difficulties. This is not only what the basic purpose of our communist party requires, but also a demand for ensuring the smooth progress of reform and opening up.

Li Ruihuan said: Spring Festival is also a juncture of the two years. We have the responsibility to help the people who have difficulties experience a good festival. The cadres at various levels should be aware of the people with difficulties, call on them, actively solicit their criticism and suggestions, urge them express their difficulties—even words they are not pleased to hear, provide timely help, and try with every possible means to help them solve some practical problems. We should reduce other expenses and allocate necessary funds to ensure their needs in this aspect.

Li Ruihuan also met with the comrades of the provincial and Harbin city CPPCC committees and exchanged views on strengthening the establishment of democratic politics and the self-construction of the CPPCC.

#### **Calls For Aid to Less Fortunate**

OW0701141594 Beijing XINHUA in English 1346  
GMT 7 Jan 94

[Text] Harbin, January 7 (XINHUA)—A Chinese leader has urged officials at all levels to do more to help enterprises and households overcome difficulties.

Li Ruihuan, a member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, made the call during an inspection of northeast China's Heilongjiang Province this week.

He stressed that government officials should help people with difficulties to enjoy the Spring Festival holiday, which falls February 10.

The living standards of the Chinese people have been markedly improved thanks to rapid economic growth. However, some people have not benefited as much as others from the economic prosperity, he said.

He emphasized that the party is determined to make sure that economic development is geared in such a way that nobody is left out in the national drive for a better life.

Li, who also doubles as chairman of the National Committee of the Chinese People's Political Consultative Conference, the country's top political advisory body, said that the government should consider the interests of the people in every aspect. He pointed out that it should by all means guarantee the basic living conditions of the broad masses, who have not so far benefited from the reform measures.

He noted that while most people will benefit from the reforms, not every individual is entitled to improvement at the same time and to the same degree.

He urged Communist Party officials to attend to people's needs and curtail official spending in order to appropriate funds to aid people suffering hardships.

#### **Luo Gan Addresses Meeting on Politics, Law**

OW1001075394 Beijing Central People's Radio  
Network in Mandarin 1030 GMT 25 Dec 93

[From the "National Hookup" program]

[Text] At a national work conference on politics and law which ended today [25 December], Luo Gan, state councillor and deputy secretary of the Central Commission on Politics and Law, said: It is necessary to conduct in-depth survey and study, keep abreast of the developing situation, and improve and reform the work on politics and law. He said: Comparatively more reform measures will be adopted next year. If our work on

politics and law lags behind schedule, serious consequences will arise. Therefore, we must earnestly understand the guidelines of the instructions given by the central authorities on improving and reforming the work on politics and law; conduct in-depth survey and study by integrating them with the operation of each department; make further suggestions on each department's work and draw up plans for reform; organize their implementation under proper guidance and in a planned way; and strive to make the work of each political and legal department meet the needs of developing a socialist market economy. Luo Gan said the national work conference on politics and law, which ended today, was a great success. He required that close attention be paid to relaying the guidelines of the conference and to preventing bureaucracy and formalism in a bid to produce results from the work on politics and law at an early date.

#### **Luo Gan Addresses Public Security Meeting**

HK1001110894 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1226 GMT 8 Jan 94

[By reporter Tao Guangxiong (7118 0342 7160): "Luo Gan Requires Public Security Organs To Exert Themselves to Safeguard Social and Political Stability"]

[Text] Beijing, 8 Jan (ZHONGGUO XINWEN SHE)—Luo Gan, state councillor and deputy secretary of the CPC Central Commission on Politics and Law, today said: To deepen reform and accelerate development, we must have a guaranteed stable social and political environment. It is hoped that public security organs and the armed police force will keep a strong sense of political responsibility and mission and exert themselves to do a good job in safeguarding social and political stability.

When giving a speech at the national meeting attended by directors of the public security departments and bureaus, Luo Gan said that this year, a series of major reform measures will be successively adopted for the finance-taxation, banking, investment system, foreign trade, and price systems. The depth, breadth, and intensity of reform will substantially exceed those in previous years. In the long run, these reform measures are of great significance for increasing China's comprehensive national strength, enhancing the people's living standards, and promoting well-coordinated economic and social development. However, they will immediately affect various quarters in different degrees and lead to adjustment of individual interests. Some new contradictions may thus appear, and some problems that affect social stability may also be brought about. Therefore, it is particularly necessary to keep a "sense of risk."

He said: With economic development, there will be no foundation for stability and it will not be possible to keep social order and stability over a long time. Similarly, without a stable social environment, nothing will be accomplished. Therefore, going all out to safeguard social stability and promoting economic construction



and advancing reform and opening is a major point of China's experience in basic practice over the past 15 years.

Public order and security is a major aspect of social and political stability. Luo Gan said: In the last few years, public order and security were stable on the whole, but we should also note that cases of economic crime and other criminal cases markedly increased, and various ugly social phenomena also became rather prominent in some localities. In some localities, organized crime bearing the character of secret societies also occurred. Public security organs should adopt effective measures in light of the new characteristics of law-and-order problems under the situation of reform and opening, continuously settle prominent problems in public order and security, and effectively prevent the appearance of a lawless situation in some localities.

He stressed the need to intensively and effectively crack down on various serious criminal activities, and raise the severe crackdown [yan da dong zheng 0917 2092 2435 3630] to a new high. The crackdown should achieve a deterrent effect. A number of prominent problems that threaten the safety of the masses should be settled in a short time, thus frightening and deterring criminals and also encouraging the masses. At the same time, laws must be enforced strictly.

Luo Gan praised the public security organs for their effective work last year in safeguarding social and political stability and state security. At the same time, he also required public security organs to do effective internal anticorruption work. At present, efforts should be made to investigate and handle major and serious cases, and effectively check problems of offending and bending the law in the course of enforcing it among public security personnel. Corrupt personnel must be severely punished.

#### **Li Guixian Addresses Personnel Meeting in Beijing**

*OW0801043394 Beijing XINHUA Domestic Service in Chinese 0848 GMT 21 Dec 94*

[By RENMIN RIBAO reporter Di Qiyun (5049 0796 6663) and XINHUA reporter Liu Siyang (0491 1835 2254)]

[Text] Beijing, 21 Dec (XINHUA)—How do we reform the current personnel work, which is closely related to the masses' interests? A national meeting of the directors of personnel departments and bureaus which opened today reached this common understanding: Closely revolving around the central task of economic construction, we should broaden the scope of reform, quicken the pace of reform, and gradually establish a personnel management system that is in line with the socialist market economic system.

It has been learned: relatively big progress has been made in the country's personnel work in 1993—structural reform has entered the implementation stage from the

stage of study and discussion; the public service system has gradually proceeded from experimentation to implementation, and work on hiring through taking examinations and on giving rewards and imposing punishments based on one's work performance has been carried out in a planned way; reform of the personnel system of enterprises and institutions has been speeded up and in-depth study of the classified personnel management system is being conducted; the reform plan and implementation rules for the new wage system for government organs and institutions have been issued to all units concerned; the personnel market has developed quite rapidly and reasonable personnel flow has begun to take place; reform of the job title system, promotion of outstanding middle-aged and young experts, the issuance of special government allowances, and other related measures have further rallied the enthusiasm and creativity of professional and technical workers; and the task of resettling demobilized military cadres has been smoothly accomplished.

To develop as soon as possible a personnel management system that is in line with the socialist market economic system, the Personnel Ministry set forth the following primary tasks for 1994: to ensure the establishment and institution of the state's public service system; to properly build up a new wage system and to put it into operation; to ensure a good job in the initiating and experimentation of the reform of the insurance system of government organs and institutions; to further build up the force of professional and technical workers, to strengthen the management of them, and to improve the service for them; to actively cultivate and develop personnel market mechanisms; and to step up the establishment of laws and regulations governing personnel affairs.

State Councilor Li Guixian attended the meeting and gave a speech focusing on establishing and promoting the public service system. He said: The establishment and institution of the state's public service system is a major event in China's political life and a basic requirement for deepening the reform of the economic system and for building a socialist market economic system.

Li Guixian said the establishment and institution of the state's public service system is the focus of the current efforts to quicken the pace of reforming the personnel system. He called for initially establishing the public service system next year in all departments of the State Council and in the organs of the majority of provincial-level governments and governments of cities with provincial-level economic powers to lay a solid foundation for initially establishing the public service system across the country in the following three years or a little more time.

At the meeting, Minister of Personnel Song Defu made a report entitled "Broaden the Scope of Reform, Quicken the Pace of Reform, and Establish a Personnel Management System That is in Line With the Socialist Market Economic System." In his report, Song Defu set forth a new idea for reforming the personnel system—

establishing a categorized personnel management system, a scientific and reasonable wage distribution system, social insurance systems at various levels, macro personnel management systems at various levels, a personnel market system, and a system of personnel laws and regulations, and work to refine these systems.

#### **Former President Yang Shangkun Arrives in Shenzhen**

HK1001053694 Hong Kong WEN WEI PAO in Chinese  
9 Jan 94 p A2

[Report: "Yang Shangkun Arrives in Shenzhen for Private Visit and Vacation"]

[Text] According to sources in Shenzhen, former state president Yang Shangkun went south for the holidays and arrived in Shenzhen on Sunday [9 January].

The last time Yang Shangkun—who is in his 80's—went to Shenzhen was in the spring of 1992, when he accompanied Deng Xiaoping. This time, he came to Shenzhen on a private visit for vacation and rest, as he has retired from the office of state president.

According to people who met Yang Shangkun today, although he is an old man of over 80 years, Yang still looked healthy and strong and could walk steadily and talk cheerfully and humorously.

#### **Views 'Prestige' of 3d Generation Leaders**

HK1001082494 Hong Kong THE STANDARD in English  
10 Jan 94 p 7

[By Agnes Cheung and Cary Huang]

[Text] Former Chinese president Yang Shangkun has called for strengthening the prestige of the third generation leaders in China during his recent meetings with Guangdong senior party cadres and army officials, mainland sources have said.

Yang told the leading officials in the southern province that it was important to maintain unity in the process of transferring power to the third generation leadership.

The 86-year-old party elder is now in Shenzhen, Special Economic Zone after visiting Guangzhou a few days ago, according to the sources.

In his talks to provincial party leaders of Guangdong and heads of the Guangzhou Military Command Area, Yang also gave his support to the current economic reforms in the country, sources said yesterday.

Yang, however, warned against any social instability triggered off by the reforms.

Some mainland analysts said Yang's trip and remarks were likely an attempt by the party elder to strengthen his political influence after he was forced to the sidelines by paramount leader Deng Xiaoping.

The retired Chinese president has been tipped to be the political strongman in China after the 89-year-old Deng dies.

Deng is said to be in Shanghai and in good health.

Analysts said Yang's meeting with military officials demonstrated that he still had good relationships with the army although he no longer held actual power.

The pro-Beijing Wen Wei Po in Hong Kong yesterday reported that Yang arrived Shenzhen on Saturday for "private visit and vacation".

Yang was said to show "robust health, a firm step and lively conversation" despite his old age.

The newspaper failed to give details of Yang's trip.

In the spring of 1992, Yang accompanied Deng in the paramount leader's landmark tour to Shenzhen during which Deng called for faster reform and opening.

The two life-long aides, however, split later that year.

This was apparently due to Deng's move in stripping Yang and his half brother Yang Baibing from their military positions.

Last March Yang Shangkun stepped down from the state presidency, officially ending his front stage role in China's political arena.

Yang's visit to Shenzhen and Zhuhai added speculation that his rift with Deng had widened as he did not spend his new year holiday with the patriarch in Shanghai.

However, there were reports the two elders ended their feud after Deng showed personal concern for Yang's health.

Meanwhile, other sources said that relevant departments in Guangdong had been told to get ready for the arrival of Deng at any time.

Sources said Deng had considered a visit to Guangzhou as his family urged him to do so for the sake of his health.

Deng's family was said to have considered the weather in Shanghai too cold for the patriarch.

It was understood that Guangdong officials hoped the supreme leader would visit the province, making it another major centre of development aside from Shanghai.

#### **Central Group Investigates Anticorruption Work**

OW0801095194 Beijing XINHUA Domestic Service in Chinese  
1044 GMT 20 Dec 93

[Text] Beijing, 20 Dec (XINHUA)—It was learned from the Central Commission for Discipline Inspection and the Ministry of Supervision that, to promote the in-depth development of the anticorruption struggle, the

party Central Committee selected a number of responsible cadres and staff members from units directly under the party Central Committee and the State Council, the National People's Congress, the National Committee of the Chinese People's Political Consultative Conference, the Central Commission for Discipline Inspection, the Supreme People's Court and the Supreme People's Procuratorate, and organized them into 20 investigation groups together with a number of responsible persons from democratic parties and democratic personages without party affiliation. The 20 investigation groups were dispatched to 20 ministries and commissions and 20 provinces and municipalities to supervise and inspect the situation of the current anticorruption struggle. Generally speaking, since the party Central Committee set the three major tasks for anticorruption struggle in the latter part of August this year, various localities and departments have taken prompt action and adopted effective measures for the work and achieved certain achievements in the anticorruption struggle. Recently, the central authorities held several report meetings to hear the results of checking by those investigation groups. Wei Jianxing, Ren Jianxin, Luo Gan, Li Guixian and Zhang Siqing, as well as several responsible comrades of concerned departments, heard reports by those investigation groups.

In line with the requirements of the party Central Committee, various investigation groups integrated the work of supervision and inspection with investigation and study to promote the in-depth struggle against corruption. Members of those investigation groups carefully listened to reports by leading members of concerned ministries, commissions, provinces and municipalities and exchanged opinions with them. Meanwhile, they also spent quite some time hearing opinions and comments from cadres and masses on the anticorruption work. Judging from the reports made by those investigation groups, in the past four months, the whole party has taken part in tackling the problem of corruption under the leadership of the party Central Committee with the active support of the masses, and thus the struggle has had a good beginning. The tendencies of corruption have basically been checked and the three anticorruption tasks have achieved good results to various extents in different localities and departments. Leading cadres at various levels have paid good attention to their behavior through self-inspection and self-correction, and have improved the party's workstyle and enhanced the consciousness of building an honest government. Leading cadres have strengthened their efforts to investigate various cases and completed the handling of a number of major and serious cases. They have announced and straightened out some fees which should not be levied in a wanton manner. The unhealthy tendency of using public funds for pleasure trips abroad has, in the main, been stopped. In light of the dissatisfaction reflected by the masses, some departments and trades paid attention to correcting serious unhealthy practices. Through anticorruption struggles launched over the past several months, the broad masses of cadres and people have

enhanced their confidence in the anticorruption struggle and are convinced that, as long as the struggle can be waged in a solid manner in accordance with the demands set by the party Central Committee, the tendencies of corruption can certainly be gradually curbed, and better and more apparent results can be achieved in improving party's workstyle and building an honest government. In this way, reform, opening up, and economic construction can also be promoted smoothly in a better way.

Judging from the situation learned from the investigations, there is still a lot of work to do to reach the target of the anticorruption struggle. In some localities and departments, leadership over the struggle is not strong enough, and so progress has been slow and results are not apparent. The progress is also uneven in various localities. In some localities and departments, leading cadres are not serious enough in self-discipline and they have not corrected problems found in their self-examination. The task of investigating and handling major and serious cases is still very heavy and the unhealthy practices reflected by the masses still have not been corrected by some trades. In short, we must make great efforts to understand the situation, improve our work, and adopt and implement correct policies to solve problems.

Through investigation, we can understand that to achieve significant results in the current anticorruption struggle, we must do solid work and make greater efforts in the more than one month period before the Spring Festival. Meanwhile, it is necessary to integrate the anticorruption struggle with the work of promoting clean and honest practices during the New Year and Spring Festival periods so as to further consolidate and develop the achievements gained in the earlier period.

The participants in the report meeting held that inspection, supervision, and investigation by the investigation group in various localities and departments are important measures to promote in-depth development of the struggle. The participation in investigation groups by people of various circles is also a successful experience.

#### **Commentator Calls For Doing 'Practical Things'**

*OW0801122194 Beijing XINHUA Domestic Service in Chinese 0742 GMT 8 Jan 94*

[Text] Beijing, 8 Jan (XINHUA)—RENMIN RIBAO today publishes a commentator's article, entitled: "Do More Practical Things and Less Empty Talk—the Third Discussion on Having a New Style of Work in the New Year."

The article says: Doing more practical things and less empty talk is another important content of Comrade Jiang Zemin's emphasis on improving leadership style. To advocate doing more practical things and less empty talk means that leading cadres at all levels should set an example and lead the broad masses in doing practical things and solid work to contribute to the promotion of reform, opening up, and modernization; and they should prevent and overcome such bad work style as indulging



in exaggerations, performing only lip service and no actual deeds, practicing formalism and seeking only a pretty appearance.

The article says: What is the most practical thing at present which we should go all out to do well? It is to accelerate reform and development. The decision of the Third Plenary Session of the 14th CPC Central Committee has drawn a blueprint for us to establish a socialist market economy. In accordance with the guidelines of the "decision," the central authorities this year are promulgating measures to reform the management systems of finance and taxation, banking, foreign trade, investment, and planning; and all localities are actively organizing the implementation of the measures. During the course of reform and development, we certainly will encounter new contradictions and new difficulties. Our cadres at all levels must rack their brains and do down-to-earth work to solve all the contradictions and difficulties and to implement all the central authorities's measures for accelerating reform and development.

The article says: During the course of doing practical things, we should correctly understand and handle the relationship between doing practical things and making administrative achievements. We should be concerned about the masses' hardships and solve difficult problems for them. While the purpose of our party is to serve the people wholeheartedly, the objective of reform and development is to give the people an even happier life. Leading cadres at all levels should constantly keep in mind the broad masses' well-being, discover problems in good time, and solve them without delay. Only in this way can the masses' enthusiasm be protected, can the masses be mobilized to the maximum extent and actively participate in and support the reform, and can a stable social and political environment for reform and development be created. To do more practical things, we should display a spirit of hard struggle as well as a scientific and realistic spirit. We should conduct scientific appraisal and make policy decisions scientifically on the basis of investigation and study. We should strive to reduce minor slip-ups and avoid major mistakes so that each and every practical thing will yield the best economic returns and social benefits.

In conclusion, the article says: Since the start of reform and opening up, Comrade Deng Xiaoping has consistently emphasized the necessity for leading cadres to display a good style of work. Comrade Jiang Zemin recently has more than once called on leading cadres at all levels to do more studying and engage in less social intercourse, to conduct more investigation and research and make less subjective decisions, and to do more practical things and indulge in less empty talk. These three points are the extremely important contents of the way to improve leadership style. As the new year has just begun, may the leading comrades at all levels display the good work style of doing more studying, conducting more investigation and research, and doing more practical things, and do an even better job in uniting and leading the broad masses in forging ahead.

## Hong Kong Daily On Dissidents Starting Businesses

### Reportedly Watched by Secret Police

HK1001094694 Hong Kong THE STANDARD in English 10 Jan 94 pp 1, 3

[By Amy Yip]

[Text] China's dissidents-turned-businessmen are facing close surveillance by secret police while they catch up with the tide of running profit-making ventures.

And state-linked businesses have been ordered to sever ties with dissidents, Chinese sources told The Standard yesterday.

Dissidents believe the authorities feared that greater economic capabilities would enable them to expand political activities.

A dissident whose business was affected by police actions complained: "It is more difficult for us to run a business, not only because of the austerity measures, but also the disturbance created by the secret police."

Sources said that Jia Chunwang, head of the Ministry of State Security, recently asked Song Jian, chairman of the State Science and Technology Commission, to keep the commission's subordinate enterprises away from the dissident businesses.

A dissident, who was jailed for almost a year after the 1989 Tiananmen Square military crackdown, had signed a contract with an enterprise under the commission on the exploration of a land development.

Under the Security Ministry's intervention, the plan was frustrated and his company plunged into difficulties.

A press conference planned by the dissident about his business plan was barred a few months ago as the police stopped a Beijing hotel from renting a room to him to hold the function.

Released veteran dissident Wang Xizhe, who opened a jewellery shop in Guangzhou over the weekend, was annoyed by police interference in his business.

"I am a businessman, not a dissident any more. Why should my clients be questioned by the police," Wang asked.

He said a Sichuan businessman who had planned to set up a joint venture with him was taken in by police for questioning.

Wang was sent to Zhuhai by police last July when he was about to meet an American businessman introduced by John Kamm, an American working on China's human rights issue.

Wang claimed that police action had already affected his business.

### Wang Xizhe Partner in Jewelry Shop

HK1001094894 Hong Kong THE STANDARD in English 10 Jan 94 p 11

[By Ella Lee from Guangzhou: "In His New Jewellery Shop. Political Dissident Wang Xizhe Looks Back on His Past—and To the Future"]

[Text] Wang Xizhe was entertaining guests in a new jewellery shop in Guangzhou—but the golden surroundings couldn't obscure his political charisma.

His partners in the new shop wore suits and Rolexes—but Wang's low-profile blue jacket and unassuming black slacks made him the most eye-catching man in the shop.

Deputy-manager Wang's other identity is that he is one of the most prominent political dissidents in China, well-known throughout the country and the world.

Almost a year after his 12-year prison term in Guangzhou Huaiji prison came to an end last February, Wang joined an old friend's company and opened the jewellery business.

Wang, 46, was sentenced to 14 years' imprisonment in 1981 for "engaging in counterrevolutionary incitement".

He had also been jailed from 1977 to 1979 after taking part in a wall poster campaign in Guangzhou on socialist democracy and the rule of law.

With his full head of white hair now dyed black, Wang looks 10 years younger than he did after his release.

Looking at the \$20 million worth of jewellery on display, Wang looked puzzled.

"I am not familiar with this business but I will try hard to learn," he said.

Wang said business was a practical way to promote the country's economic development: "The democratic movement doesn't necessarily mean you have to go out in the streets. It is something you have to do practically for the society," he said.

Starting a business is sure to be a rocky road for a political dissident in China, and Wang knows that well.

After his release from jail, where he was spared the abuse other political prisoners received from fellow inmates, the Chinese government did not allow him to start a business.

But an incident in July last year altered that, and the government changed its tune.

Wang had to abort an interview with an American trader because police, keen to prevent the contact, "invited" him on a one-day sightseeing jaunt to Zhuhai.

"I was so upset about this incident—I told the government that I needed my own business for my living," Wang said.

"I told them if they did not give me permission, I would rather go back to prison or have my meals in the police station," he added.

Now, every week when Wang goes to the police station to fulfil his parole requirements, police officers never forget to bless him in the hope that he "earns a fortune".

Wang secretly started a trading company in June last year, registering the business under a friend's name to conceal it from the government.

At that time, Wang only had a few pennies and had to borrow \$400,000 through connections.

The trading company is now a going concern.

"I hope my efforts to earn a better living will be a kind of compensation for my family," Wang said.

"My wife and son lived in hardship during my imprisonment and I feel I owe them a lot—a lot," Wang said.

At first, Wang's label as a political dissident was a barrier.

Early last year, he planned to open a bookstore with some friends but they later refused to co-operate.

"I understand some people's fears that my special identity might bring them trouble from the authorities, where good relations are of the highest importance," he said.

His aspiration is to open a bookstore selling history and political texts—a way to "educate the grassroots to know more about their country and the world".

He said his current business was not a lifelong career but just a foundation to finance future political activities.

"I will never give up my life mission to write political articles," Wang said.

"But it is not an appropriate time for me to do that because I don't feel free to publicise my political thinking during my parole period. Also, I have to wait for my political rights to be reinstated," Wang said.

"If I can only write with reservations, I would rather not do it at all. It would be meaningless."

Wang's parole will be complete by April 1995. He will be denied his political rights for four and a half years after that.

He is now living under close government surveillance.

"I am told not to leave Guangzhou, not to write political articles and not to talk to the media. But I only follow the first rule," he said.

Right after his release from jail, Wang planned to visit the United States on his first overseas trip.

But he changed his mind after considering the possible effects.



"It is so easy for the government to arrest you for making contact with other dissidents there," he said.

"Or they might not let you back (to Guangzhou) once you are out, like they did to Han Dongfang."

He has also avoided going to other provinces.

Wang said that, for the time being, he planned to keep his distance from other political dissidents and human rights groups.

"I don't want to have an open conflict with the authorities, which will hinder both my business and my future political activities."

Looking back on his 14 years behind bars, Wang proudly says he feels no guilt or regret.

"I was not a democratic fighter, I am just an ordinary man who did something good for my country."

Wang has been struggling to clear his name as a criminal, and has put forward his appeals to the high court 44 times.

Last year, Wang asked Cheng Yiu-tong, Hong Kong representative of the National People's Congress, to take letters to the congress but so far he has not received a single reply.

Enduring the ordeal in prison, Wang refused to plead guilty even though he was told it could be a trade-off for his release.

"I don't blame other people who pleaded guilty in order to get out of the prison to fight other political battles," he said.

"China is still a country not ruled by laws but by people," he said. "Even development of human rights is faster than before—people's rights are not stated in laws."

#### **Autonomous Regions To Train Minorities**

OW0801074294 Beijing XINHUA in English 0618  
GMT 8 Jan 94

[Text] Lhasa, January 8 (XINHUA)—China's five autonomous regions for minority nationalities have given priority to training and promotion of minority nationality cadres.

The five autonomous regions of Xinjiang, Tibet, Inner Mongolia, Guangxi and Ningxia have taken various measures to help raise the work level of minority nationality cadres.

Xinjiang Uygur Autonomous region in Northwest China has sent ethnic cadres to coastal developed areas to learn and at the same time invited technicians and scientists from elsewhere to give lectures on management and technical know-how. Such cooperative relations have been set up between cities and counties of Xinjiang and those in coastal areas.

Since 1980, Tibet autonomous region has held various courses to train a total of 27,363 cadres of minority nationalities, 72.75 percent of the total of trainees in the region.

Training of county-level leaders has always been stressed in Tibet.

Each year, Tibet sends ethnic management and technical leaders for additional study in related universities and colleges with support from the central government and other provinces.

Inner Mongolia Autonomous Region, Ningxia Hui Autonomous Region and Guangxi Zhuang Autonomous Region have also achieved progress in the work.

Inner Mongolia has given special attention to training and promotion of ethnic cadres of its three autonomous banners (counties) and over ten autonomous townships.

Guangxi stressed a relationship of mutual respect and help between local cadres of the Han and other nationalities.

#### **First Orphan Foundation Set Up**

OW0801150494 Beijing XINHUA in English 1425  
GMT 8 Jan 94

[Text] Hangzhou, January 8 (XINHUA)—China's first foundation for orphans was set up here today.

The foundation is the result of a city-wide two-month campaign.

The program generated positive public responses and raised over 800,000 yuan. Some 7,800 individuals donated money to the foundation and more than 50 orphans have been adopted.

In the inauguration meeting today, an official in charge said the organization is determined to create a good environment for children's healthy growth.

#### **New Magazine Covers Socialist Market Legal System**

OW1001074694 Beijing XINHUA Domestic Service in Chinese 2102 GMT 24 Dec 93

[By reporter Xiao Gong (2556 1362)]

[Text] Beijing, 25 Dec 93 (XINHUA)— MARKET LEGAL SYSTEM HERALD (Shi Chang Fa Zhi Dao Kan 1579 1034 3127 0455 1418 0436), a general interest news monthly covering the socialist market's legal system, will be inaugurated next January [1994]. The magazine allots some 20 columns to themes related to the market and the legal system.

## Economic & Agricultural

### Li Ruihuan Speaks at Harbin Trade Center Forum

OW0601153394 Beijing XINHUA in English 1425  
GMT 6 Jan 94

[Text] Harbin, January 6 (XINHUA)—This capital of northeast China's Heilongjiang Province will be built into an international trade center for the northeast Asian economic circle.

This is the theme of an ongoing symposium which opened here today.

The three-day symposium is jointly sponsored by the Development Research Center under the State Council, the XINHUA Daily Telegraph of XINHUA NEWS AGENCY and the city government.

More than 130 government leaders, scholars and specialists from central and local government institutions are taking part in the symposium.

Li Ruihuan, chairman of the National Committee of the Chinese People's Political Consultative Conference, who has just made an inspection tour here, also attended the opening of the symposium and spoke at the meeting.

The participants were told that the city has made great progress in the drive for economic development and opening to the outside world over the past few years.

And a new world trade center for northeast Asia has taken initial shape here.

A top local official told XINHUA reporters that the city is in the center of the northeast Asian economic circle and has a close bearing on the economic ties and co-operation among the different sectors of the circle.

In addition, he said, being an important heavy industrial base, it is also showing powerful comprehensive economic strength, with developed commerce, and fast and convenient transportation and telecommunications linking it to over 300 cities and regions throughout the world.

The city has now established economic co-operation and trade ties with more than 100 countries and regions worldwide, including the United States, Japan and Canada, the official said.

### Customs Reports \$12 Billion Trade Deficit in 1993

OW0801132894 Beijing XINHUA in English 1316  
GMT 8 Jan 94

[Text] Beijing, January 8 (XINHUA)—Chinese foreign trade saw an increase of 18.2 percent last year, reaching 195.7 billion U.S. dollars, with a deficit of over 12 billion U.S. dollars, according to statistics issued by China's customs department today.

In 1993, China's imports grew by 29 percent over 1992, amounting to 103.95 billion U.S. dollars; exports increased by 8 percent, reaching 91.77 billion U.S. dollars.

Textiles and garments still topped the exports list, recording a 7.2 percent lift with a total volume of 27.13 billion U.S. dollars, while machinery and electronics witnessed a steady rise of 16.1 percent, totalling 22.7 billion U.S. dollars.

Machinery and electronics also made up a nearly-half share of the imports, to the tune of 49.46 billion U.S. dollars, a steep rise of 41.7 percent and including cars, aircraft, telephone sets and telephone switchboards as well as machinery for textiles, construction, mining, metal processing and rubber and plastics processing.

Imports of raw materials and fuel also witnessed a large growth, in which steel imports jumped to over 30 million tons, up 327 percent, processed oil hit 17.48 million tons, up 128 percent.

The import and export of foreign-financed enterprises continued to rise sharply, with a total export of 25.24 billion U.S. dollars, representing a 45.4 percent increase and accounting for 27.5 percent of China's total exports; and an import of 41.83 billion U.S. dollars, increased by 58.6 percent, covering 40.2 percent of China's imports.

These foreign-funded enterprises shipped as much as 16.63 billion U.S. dollars of equipment, increased by 107 percent.

In volume, China's biggest trade partners are Japan, Hong Kong, the United States, the European Community, Taiwan, Republic of Korea, Russia, Singapore, Australia and Canada.

In 1993, Japan imported 15.79 billion U.S. dollars worth from China while exporting 23.25 billion U.S. dollars worth to it. Hong Kong consumed 22.06 billion U.S. dollars worth of China's exports and provided it with goods worth 10.48 billion U.S. dollars. The United States imported 16.96 billion U.S. dollars worth from China, and its exports to China were worth 10.69 billion U.S. dollars.

In 1993, China's export growth rate was the lowest since 1986, while the import growth rate was the highest since 1986.

The reasons for the result included the domestic economy's high growth rate; large-scale investment; thriving market demand; lack of some commodities, especially primary products due to the rising domestic prices; meanwhile, imports of raw materials and energy which met soaring domestic demand, and machinery and telecommunications facilities increased by large amounts.

Equipment imported by China's foreign-funded enterprises also contributed to China's rapid increase of imports and huge trade deficit, as China drew more overseas investment last year.

Besides, the imports increase can also be attributed to China's bid to lower import tariffs last year.

It is predicted that with the reform of China's trade system and foreign exchange system this year, China's export volume in 1994 is expected to exceed 100 billion U.S. dollars and its import growth rate is to slow down.

#### **Foreign Exchange Markets, Transactions 'Flat'**

HK0901074594 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 9-15 Jan 94 p 2

[By Wei Ling: Hard Currency Trading Remains Sluggish]

[Text] Trading in foreign exchange swap markets across China was flat last week, the first after the unification of the dual-track foreign exchange system.

There was little fluctuation in prices and transactions were small.

Experts say suppliers and buyers are becoming more prudent and adopting a wait-and-see attitude to the market.

However, they said the cautious response at least helped diminish decision-makers' worries about big ups and downs in exchange rates after unification.

And although the swap markets are to be gradually phased out with the establishment of the inter-bank exchange market, their prices are still important references for the central bank to set basic exchange rates.

In addition, since foreign exchange trading between banks and enterprises is just beginning, the swap markets are now the main regulators of money supply between banks.

The only traders on the markets now are specialized banks and some non-banking financial institutions. This is because businesses which used to trade on the market have had to withdraw.

The U.S. dollar opened at 8.7 yuan on Monday at the Beijing Foreign Exchange Swap market and closed at 8.7060 yuan on Thursday [6 January].

The week's lowest price for U.S. dollars was 8.61 yuan in Henan Foreign Exchange Swap Market on Monday and the highest was 8.725 yuan on Friday in Tianjin.

The Hong Kong dollar opened 1.125 yuan in Hainan and 1.118 yuan in Shenzhen on Monday and closed 1.125 and 1.121 yuan respectively on Friday.

#### **Government Seeks To 'Balance' Imports, Exports**

HK0901075694 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 9-15 Jan 94 p 1

[By Jin Min: "Fresh Move To Boost Trade"]

[Text] China will work to achieve a near balance of imports and exports this year, Minister of Foreign Trade and Economic Co-operation Wu Yi said last week.

She said the country's foreign trade volume would be about \$200 billion by the end of the year, a steady increase from the \$190 billion projected for 1993.

China was gripped by an import boom last year that inflated the country's trade deficit to around \$10 billion.

Meanwhile, China's exports were put in a spot by higher export costs and a more profitable domestic market.

The 13 percent growth rate in China's gross domestic product last year was the main cause of the import spree, which in part triggered the devaluation of renminbi yuan at the country's swap markets.

The State-decreed foreign exchange rate at swap markets was \$1 to 8.7 yuan (compared to the official rate of \$1 to 5.7 yuan), but the actual rate plummeted to \$1 to 10.86 yuan last June.

By then, the bulk of China's hard currency trading had been dominated by the swap market prices.

So Chinese foreign trade companies faced higher purchasing prices for exports.

At the same time, exports were hit as Chinese companies chose to trade in the booming domestic market and avoid the relatively sluggish international one.

Economists said slower economic development in 1994 and a healthier foreign exchange rate system will help China balance its foreign trade.

#### **Shanghai Customs Office Nation's 'Largest' Handler**

OW0801082394 Beijing XINHUA in English 0745 GMT 8 Jan 94

[Text] Shanghai, January 8 (XINHUA)—The Shanghai Customs Office has become China's largest cargo handler as it handled imports and exports worth a total of 30.9 billion U.S. dollars in 1993.

Cao Hengli, director of the Shanghai Customs Office, said that imports via the Shanghai port, the largest of its kind in China, shot up nearly 29 percent in 1993 to 16.95 billion U.S. dollars, while exports through Shanghai climbed almost 17 percent to 13.98 billion U.S. dollars.

He described the growth in international container transportation via Shanghai as the most "impressive." the port handled a total of 901,000 standard containers last year, roughly up by 58 percent.

For the first time, the number of people leaving and entering China via Shanghai topped the two million mark in 1993, at a record 2.53 million, Cao said.

"We did everything in our power to assist the development and construction of the Pudong New Area and the Waigaoqiao Free Trade Zone, to boost exports from Shanghai, and to accelerate infrastructure construction and growth of new- and high-technology industries."

For example, procedures for customs declarations and tariff reductions and exemptions were simplified last year.

To date, Shanghai, China's leading manufacturing center, has formed eight bonded enterprise groups, 187 bonded factories and 297 bonded warehouses, the director said.

Moreover, the Shanghai Customs Office continued to crack down on all kinds of smuggling activities in 1993, he said.

Last year, the office cleared up 526 smuggling cases involving smuggled goods worth a total of 222 million yuan (about 25 million U.S. dollars).

Cao Hengli pledged to step up reforms in passenger inspection, ship inspection and bonded goods handling in the new year.

### **Beijing Imports Technologies for Major Projects**

*OW0901045294 Beijing XINHUA in English 0312 GMT 9 Jan 94*

[by Zhou Zongmin and Yao Datian]

[Text] Beijing, January 9 (XINHUA)—China has made remarkable progress in importing advanced technology and equipment for 210 key state projects involving such major areas as transport, telecommunications and raw materials.

This was announced by Zhang Xiaoqiang, deputy director of the foreign funds department under the State Planning Commission (SPC), in an exclusive interview with XINHUA here today.

Zhang said that so far contracts have been worked out or signed to import technology, equipment and key materials for 47 projects. And 20 more projects are in the process of bidding or business negotiations.

China announced the huge import package for the last seven years of the 1990s in June 1993, with a total fund expected to reach 30 billion U.S. dollars.

The package covers 23 sectors and trades including agriculture, energy, transport, telecommunications, machinery, electronics, chemicals, metallurgy, light industry and textiles. A majority of the 210 major technology projects are in infrastructures and basic industries, areas that the Chinese Government has decided to give priority in their development.

According to Zhang, on the import bills will be complete sets of equipment, key facilities, accessory meters and instruments, as well as state-of-the art technologies.

Financial sources for the purchases include state foreign exchange reserves, fund-raising by departments and local governments concerned, international commercial loans and loans provided by foreign governments or international lending institutions.

The SPC official said all these projects have been approved by the government and have been listed in the state plan.

The 47 contracts that have been concluded include a 120-million-U.S. dollar order of manufacturing equipment from the Japanese Sanyo Company for the "Nylon 66 Salt Project" in Henan Province, central China, and a 17-million-dollar order to import key equipment from the United States for a forestry project in north China's Hebei province.

Also included is an agreement between China and the Siemens Company of Germany on importing locomotives and equipment worth 400 million U.S. dollars for the Guangzhou Subway Project.

The publicity of major technology importing projects has aroused wide interest among foreign businessmen, who said that the move helped them know better about China's foreign trade policy and offered authoritative and practical information on trading with China, especially on major technology purchases.

The move will also facilitate China's technical renovation and infrastructural building, said Zhang.

According to a 10-year development blueprint for the period from 1991 to 2000, China's gross domestic product (GDP) will maintain an eight to nine percent annual growth rate in the years.

To this end, Chinese leaders said the country should more effectively cash in on the international market, capital, technology and resources to keep the growth rate of foreign trade higher than that of GDP.

The government has decided to rationally readjust the import structure so that more will be spent on introducing advanced technology and key equipment for basic industries and infrastructures.

Zhang said that China's domestic market is huge. Imports have kept expanding and legal guarantee is being improved.

The Chinese Government is ready to create a more favorable environment for foreign businessmen and continue to give details about technology import projects, he said.



**Industrial Economic Sector Rebounding 'Rapidly'**

HK1001110794 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1314 GMT 8 Jan 94

["Roundup" by reporter Xiao Rui (5618 3843): "Industry Sector of China's Economy Reenters the 'Fast Lane'"]

[Text] Beijing, 8 Jan (ZHONGGUO XINWEN SHE)—The State Statistics Bureau has recently disclosed that in December 1993, the industrial sector of China's economy rebounded rapidly. The growth rate reached as high as 29.8 percent, nearly 11 percentage points over the previous month, and was close to the highest point before macroregulation and control were exercised.

The main causes of the rapid growth rate in industrial production in December 1993 were: First, the implementation of the easy money policy beginning in November injected working funds into many enterprises which were experiencing difficulties caused by the shortage of funds so that these enterprises were able to speed up their production; second, at the end of last year, various localities tried all means to accelerate the production progress in a bid to increase the base figures in the upcoming tax sharing reform.

The super high speed operation of the industrial sector of the economy last year was a necessity but it also caused people to worry that the excessive growth in industrial production would inevitably bring about various tense economic relations again and cause a deterioration in the tense supply-demand situation in "bottleneck" sectors.

According to reports, the annual growth in industrial production in 1993 was 23.6 percent higher than the previous year and was the highest level in the 15 years of reform and opening up. Nongovernment owned enterprises continued to occupy a leading position in the economic growth and their increased output value accounted for 77.7 percent of the total newly increased output value. The production development of coastal areas was markedly faster than that of the hinterland. The six provinces of Jiangsu, Zhejiang, Fujian, Shandong, Guangdong, and Hainan, whose annual growth rate exceeded 30 percent, are all located along the southeast coast.

Viewed from the cycle of economic development, 1994 will undoubtedly be a year with a medium to high rate of growth. The domestic demands remain high, the investment scales in projects under construction and carry-over investment are big, and the readjustment in workers' wages will also give impetus to the consumer goods market. On the other hand, various localities will double their output ahead of schedule and this, together with their strong aspirations to push the economy to a higher level, will promote the industrial production to continue to glide forward on the platform of a high speed growth rate in the fourth quarter of 1993. It is estimated that the production growth in the first quarter of this year will reach over 15 percent.

Authoritative people in economic circles have already predicted that China's economy will have a relatively vigorous rise again in the first few months of 1994 and hold that it is necessary to implement, at the proper time, a relatively tight financial policy to prevent the economy from becoming "overheated" again.

The year 1994 is a "year of reform" in China. In order to prevent some hidden unstable factors from being intensified and from becoming obstacles in the process of reform, economic specialists have warned against blindly seeking an excessively high growth rate and have called for making greater efforts in structural readjustment so that the industrial sector of the economy can develop appropriately and healthily.

**Article Views 'Crucial' Reform Stage**

HK1001083294 Beijing CHINA DAILY in English  
10 Jan 94 p 4

["3rd Stage of China's Reform Seen as Crucial"]

[Text] Having carried out its economic reform and opening-up programme for 15 years, China is turning from individual reform steps to establishing a sound overall economic relationship, says an article in Chinese Business Times. The present stage is crucial, says the article.

As the country's traditional highly centralized economic system is being dismantled and a market economy is shaping up, economic management is undergoing changes.

Different forms of ownership now co-exist, with State-owned industries playing a dominant role.

Market forces are deciding the distribution of materials and output of enterprises.

The government is using economic and legal measures instead of the traditional mandatory plans to regulate the country's economy.

However, as conflicts and friction between the old and new economic systems frequently occur, the achievements gained by reform are being nibbled away by negative elements.

One of the most eye-catching problems is that some government administrative organizations are involved in running businesses, causing chaos in management, incurring losses of State properties, widening the income gap and bringing about corruption.

Meanwhile, enterprises are often ordered, under different pretexts, to pay various funds, fees and donations.

Random collection of funds, coupled with the boom in non-governmental financial institutions, is burdening the reforms because China still lacks laws and regulations to standardize economic and financial activities.

The article in China Business Times says it is time to solve the major problems in the reform and set up a sound economic relationship.

Successful reform measures should be continued and new packages should be drafted and put into effect in line with the new circumstances, says the article.

At the same time, the reform should be given more theoretical direction. Traditional exploratory measures are not enough.

The article says that China's economic reform has experienced two stages in the past 15 years.

During the first stage, between 1979 and 1984, the country tried hard to find reasonable measures for economic reform.

While the exploration proved fruitful, many new problems emerged and mistakes were made due to the lack of experience.

The second stage, between 1985 and 1991, witnessed the co-existence of exploratory measures and policy direction.

Now it is time that the country map out more policies to guide the reform efficiently and equitably, the article says. Overall policies should be introduced for the establishment of the socialist market economy.

When mapping out new reform packages, market needs and China's distinctive features should be taken as the major concerns.

The article said the country's reform policies carried out in the past 15 years mainly originated from the practice of the masses.

The two significant examples were the rural family contract responsibility system and the shareholding system for transferring management of State-owned enterprises, says the article.

As the reform deepens, policy guidance has become increasingly important.

At the same time, it is urgent that the legal system be perfected.

### **Construction Bank Registers 'Record' Savings Level**

*OW0801081194 Beijing XINHUA in English 0715 GMT 8 Jan 94*

[Text] Beijing, January 8 (XINHUA)—The People's Construction Bank of China has announced that its savings in individual renminbi accounts reached 158.4 billion yuan (about 21 billion U.S. dollars) in 1993, a record for the bank.

Last year, the bank's total increase in individual savings was 50.5 billion yuan, roughly equal to total increases between 1986 and 1990.

Since the beginning of last year, the bank, which is mainly in charge of issuing loans for major state construction projects, has done unprecedentedly brisk business in personal savings.

Bank officials attributed the achievements to the contract system carried out in a bid to bring the workers' enthusiasm into full play.

Taking advantage of the Central People's Bank raising interest rates in May and July last year, the construction bank held a 100-day savings promotion program from July 11 to October 20, 1993. The effort resulted in an increase of 22.5 billion yuan in personal savings.

### **Three Gorges Bridge Construction Begins**

*OW0801150294 Beijing XINHUA in English 1439 GMT 8 Jan 94*

[Text] Yichang, January 8 (XINHUA)—Building of a gigantic highway bridge for the Three Gorges Project started here today.

The Letianxi Bridge will link the site of the main dam of the Three Gorges Project to a 28.6-kilometer-long special express highway to Yichang city, in central China's Hubei Province.

The bridge, a key route from the Three Gorges to the outside world, will be 438.8 meters long, with the biggest span 125 meters long.

The bridge, being built by the No. 3 Engineering Bureau of the Ministry of Railways, is expected to be completed within 26 months.

### **Working Conditions 'Priority' in Women's Rights**

*HK0901071394 Beijing CHINA DAILY in English 8 Jan 94 p 3*

[By Xu Yang: "Protection of Women Workers Urged"]

[Text] Improved working conditions are a top priority in the protection of women's rights as China speeds toward industrialization.

Despite overall improvement in the working environment for women, problems have recurred, especially in sectors where there is less State surveillance, such as some township, private enterprises and joint ventures.

China now boasts one of the world's most complete legal codes regarding working conditions for women, according to Yang Yuchen, official from the Women Workers Department under the All-China Federation of Trade Unions (ACFTU).

The code consists of the Regulation on Women's Labour Security, the Regulation on Women's Labour Contraindication and the Regulation on Women Workers' Health Care.

This network of regulations ensures the physical well-being of women of all ages.

In its July survey of 2,000 enterprises, mostly State-owned, in 19 provinces, municipalities and autonomous regions, the ACFTU found 94.5 percent of the business have full- or part-time persons hired to monitor the working conditions of employees.

Nearly 95 percent of the enterprises surveyed offered routine gynecological examinations for their female employees. Pregnant workers in 87 percent of the enterprises received prenatal examinations.

Breaks for breast-feeding and one or two-day menstruation leaves for women on jobs requiring heavy labour were also guaranteed in most enterprises.

However, the changing economic system often causes infringements of the women's rights and safety.

Pregnant and lactating women workers tend to be the first to be laid-off by employers obsessed with production efficiency.

Women at unprofitable and bankrupt enterprises cannot expect to have hospitalization for child-birth paid by their employers.

Workers at many foreign-invested and private businesses are facing an even tougher situation.

During the past couple years, the ACFTU has investigated 1,058 foreign-funded and township enterprises. Nearly half did not grant child-birth leaves.

Exposure to dangerous substances, far beyond State mandated limits, overtime work without compensatory pay, random salary deductions and sexual harassment were also prevalent.

Some workers were even deprived of basic human rights. Abuses included strip searches and even an instance in which a woman suspected of theft being locked in a dog cage.

Some 59 of the 60 persons who died in a fire in a Taiwan-invested textile factory in Fujian Province last month were rural women.

To improve the situation, the ACFTU's Women Workers' Committee suggests four measures:

—Disseminate information regarding the State regulations on working conditions.

Rural workers, as well as the heads of many township enterprises, are ignorant of the labour laws.

—Strengthen the enforcement of existing labour regulations. In addition, the future Labour Law, which is expected to be submitted to the legislature this year, should stress all the enterprises within China must observe these laws.

—Establish a labour security inspection organization that caters to the needs of women workers.

—Speed the foundation of a social security system for child birth, in which all of the society would shoulder the cost of deliveries, not the individual enterprises.

### New Policies To 'Improve' Domestic Car Market

*HK0901071594 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 9-15 Jan 94 p*

[By Chang Weimin: "State Shifts Gears To Boost Motor Market"]

[Text] The Chinese Government has decided new policies which aim to improve the domestic motor market.

The moves range from tax shifts on retail sales of domestically-made cars to new tariffs on imports.

A policy that for years has allowed foreign-funded enterprises to buy duty-free foreign cars will be withdrawn.

In addition, controls on institutional car buying, initiated by the Ministry of Finance in the 1970s, have been eased.

The ministry said the controls have been lifted to help saloon car makers.

The new tariffs are already effective, but regulations on the shifts of saloon car consumption taxes, which constitute two-thirds of the retail car price, are unavailable now.

And an official from an automobile trading firm believed the moves would have a major effect but she said it was difficult to predict how situation will develop as the motor market was still in a recession that began in July.

The recession, a result of the government's tight-credit policy and anti-corruption drive, is likely to continue until the second half of this year, said industry experts.

A senior official with the China Trade Centre for Automobile Imports said imports of foreign-made cars and vans, would certainly be down on last year's 400,000.

The official believed tough central government measures would stop the smuggling of foreign-made cars.

Customs stations are now required to confiscate smuggled vehicles unconditionally instead of simply imposing fines as they did before.

The Ministry of Public Security, the General Administration of Customs and the State Administration for Industry and Commerce issued a joint notice that no driving licence be given to car owners without documents from the firm where they bought the car.

In 1993, 100,000 cars and vans were smuggled into the mainland.

Business Weekly has learned the government approved the duty-free sale to foreign-funded firms of a third of the 15,000 cars and vans it bought last year.

The cars made by the US's General Motors, Ford and Chrysler, are now the last batch of duty-free cars being sold to foreign-funded firms.

In 1993, 80,000 foreign-built cars and vans were sold to foreign-funded enterprises duty-free, compared with 50,000 in 1992.

This preferential policy is to be cancelled partly because some overseas-run firms profiteered by selling duty-free vehicles to domestic customers.

And some foreign-funded firms were set up for no other reason than to deal in duty-free cars.

The new policies are also likely to help improve the country's motor pricing system.

Just now a Chinese-made car sells for twice the price of the same car made overseas on the domestic market.

However, the official said price reform in China was complicated.

As the controls on institutional car purchases are lifted, sales of cars are expected to rise.

However, as the tight-credit and anti-corruption programmes continue, enterprises' purchasing power will remain low and government departments and institutions will lay out little cash in the short term.

#### **Tourism Plans To 'Improve' Service Quality**

*OW0801082494 Beijing XINHUA in English 0755  
GMT 8 Jan 94*

[Text] Beijing, January 8 (XINHUA)—China plans to choose the best tourist cities annually from now on as an effort to improve the quality of services in the country's tourist industry.

"It is also aimed at upgrading China's reputation in tourist service both in China and the world," said a spokesman for the State Tourism Administration (STA).

The tourist cities will be appraised in terms of service quality, tourist response and environment, whose specific criteria will be published by the administration, he noted.

The spokesman said that a system for publicizing service quality will be established covering all the nation's tourist management bodies, with letters of complaints from tourists made public.

The bureau will also run a special program, "investigations of service quality hot spots," to encourage the public and news media to supervise service quality, the spokesman said.

The official said the service quality criteria will embrace the service offered, enterprise management and tourism facilities.

The STA also set up a special committee to formulate rules and regulations in order to upgrade the means of transport, tourist sites, foods, shopping and recreation, he said.

The official said professional ethics is "an important factor" for appraisal.

#### **Chen Junsheng Urges Raising Farmers' Income**

*OW0801141594 Beijing XINHUA in English 1330  
GMT 8 Jan 94*

[Text] Beijing, January 8 (XINHUA)—China should raise the income of its 900 million farmers by every possible means, a top Chinese agriculture official said here today.

State Councillor Chen Junsheng, who is in charge of China's agriculture, said it is of strategic importance to the prosperous national economy to increase farmers' income in a stable way and ensure adequate supply of farm produce.

The official said China could not be well off if farmers' could not live a fairly comfortable life, adding that a brisk national market is impossible if farmers' purchasing power is not improved and rural markets remain low.

China's government has promised to give a comfortable life to its citizens by the year 2000. The goal requires the average annual growth rate of farmers' income be more than five percent during the remaining years.

The per capita net income of 900 million farmers for 1993 is estimated at 880 yuan (about 100 U.S. dollars).

The figure represents a real increase of about two percent over the previous year after inflation.

"Farmers' income has been growing too slowly during the past several years. The average annual growth rate for 1985-1992 is only 2.2 percent. It could be said that farmers' income has been fluctuating," said Chen.

In order to improve farmers' income, the Chinese Government is considering a package of measures to promote the development of agriculture and the rural economy.

The measures under consideration include more investment in agriculture, construction of more major grain and cotton production centers, improvement of the grain protection system for situations when the grain price is too low to be profitable, and faster development of township and village enterprises.

Statistics show that about 60 percent of farmers' net income has in recent years come from township and village enterprises.



The sustained increase of farmers' income depends considerably on the growth rate and efficiency of rural firms.

Last year the Chinese Government announced an increase of grain and cotton prices.

Chen said that efforts should be continued to supervise and control the financial burdens or taxes imposed on farmers. He stressed that it was important to prevent farmers' increased income being taken away from them.

#### **Arable Land Reduction 'Exacerbated' Grain Prices**

HK1001103694 Hong Kong SOUTH CHINA  
MORNING POST in English 10 Jan 94 p 9

[By Zhang Yuan]

[Text] A sharp drop in the area of land farmed in China last year exacerbated rises in the price of grain and staple foods in the past two months, agriculture officials said.

The total area of farmland under cultivation last year fell by about 10 per cent.

Total agricultural output stood at 42.2 million tonnes, about 5.19 million tonnes less than in 1992.

Officials said the fall in the autumn harvest was more marked in Guangdong, Fujian and Zhejiang provinces, where supply lagged far behind demand.

The opening up of the grain market had also led to fierce competition.

In the face of a drop in agricultural output, localities had raised their price offers for grain to increase their reserves.

"This has resulted in a continuous increase in grain prices," officials pointed out. In northeastern provinces, for example, the grain purchase price soared from 0.66 yuan (HK\$0.59) per kilogram to 0.85 yuan.

Unlike 1992, when the state grain purchase price, or the so-called "protected price", was higher than market prices, officials said the trend was reversed last year.

Farmers began to hoard grain for higher prices.

Many of them also wanted to secure a substantial amount in reserve in the face of the expected drop in production this year, officials said.

As a result, the state-owned shops could not meet their grain-purchase targets.

"The rise in grain prices then went out of control," the officials said.

#### **INFORMATION WEEKLY Begins Publication**

OW0801123394 Beijing Central People's Radio  
Network in Mandarin 2230 GMT 7 Jan 94

[From the "News and Press Review" program]

[Text] XINXI ZHOUBAO [INFORMATION WEEKLY], founded by the State Planning Commission, began publication on 7 January. The journal is openly sold at home and abroad.

## East Region

### Shanghai 'To Further Improve' Legislative Work

OW0701021694 Beijing XINHUA in English 0145 GMT 7 Jan 94

[Text] Shanghai, January 7 (XINHUA)—Shanghai is stepping up efforts to further improve its laws and regulations in order to guarantee economic success.

Reforms of modern enterprise systems, futures stock markets, real estate agencies, talent exchange markets and social insurance systems top the agenda of legislation this year.

Officials in relevant departments said that the formation of an economic operating mechanism is the city's focus of a new reform package, which is designed to make the socialist market economy a success.

Laws, regulations and rules will be formulated for more than 200 aspects, according to an official.

Statistics show that Shanghai, China's largest metropolis, has drawn up more than 370 laws and regulations over the past nine years.

The Pudong Development Zone in east Shanghai has issued 14 policies, laws and regulations, which include permission for overseas businessmen to open department stores, supermarkets, banks and insurance firms.

Officials said that the local legislative work is highlighted by its concentration on economics, which makes up as much as 60 percent of the total legislation drawn.

### Shanghai Sets Up Property Rights Exchange

OW0801081094 Beijing XINHUA in English 0714 GMT 8 Jan 94

[Text] Shanghai, January 8 (XINHUA)—The Shanghai Municipal Government recently approved the establishment of an exchange engaged in trading affairs of property rights.

The exchange was jointly built by the Shanghai Municipal Committee of Agriculture, the Shanghai Municipal Committee for Restructuring the Economy, the Shanghai Industrial and Commercial Administration and the Shanghai Suburban Industrial Bureau.

The exchange will adopt a membership system and, in the early period of operation, will focus on the transfer of collectively-held property rights in the rural suburbs of Shanghai, according to Zhang Yan, director of the management committee of the exchange.

The director said that the exchange would select about 100 rural collectively-owned enterprises for trading this year. More property rights brokerage companies will be set up to conduct this aspect of business in Shanghai, one of China's major financial centers.

The director added that the exchange would also be linked to other property rights trading markets in the cities of Shenzhen, Chengdu, Chongqing and Wuhan as early as possible.

### Zhejiang Lists Ninth CPC Committee Members

OW0801123294 Hangzhou ZHEJIANG RIBAO in Chinese 24 Dec 93 p 1

[Text] **Namelist of Members of the Ninth Zhejiang Provincial CPC Committee (in order of number of strokes of surname)**

Yu Huida [0060 6540 6671], Wan Xueyuan, Ma Xun, Wang Yudi [3769 3768 1229] (female), Wang Yongming [3769 3057 2494], Wang Qichao, Wang Guoping [3769 0948 1627], Wang Huizhong [3769 6540 1813], Chou Baoxing [0092 0202 5281], Kong Xiangyou, Long Anding, Ye Rongbao [0673 2837 1405] (female), Lu Zhanggong, Lu Zushan [0712 4371 0810], Zhu Huizhen [2612 1920 3791] (female), Liu Feng, Liu Xirong, Xu Yunhong, Ruan Shuijin [7086 3055 6855], Shou Shengnian [1108 4141 1628], Li Qing [2621 7230], Li Zhixiong [2621 1807 7160], Li Jinming, Li Zemin, Zhang Xi [1728 2562], Zhang Youyu [1728 0645 0151], Zhang Xiaolin [1728 1321 2651] (female), Zhang Qimei, Zhang Weiwen [1728 5588 2429], Chen Wenxian [7115 2429 2009], Chen Wenshao [7115 2429 7300], Zheng Zao-huan [6774 6644 2719], Zheng Xiaoyu [6774 4607 5505], Zhao Zhongguang [6392 0112 0342], Yu Guoxing [0151 0948 5887], Zhu Yaozu [4376 5069 4371], Chai Songyue [2693 2646 1471], Xu Yongqing [1776 3057 3237], Xu Aiguang [1776 1947 0342] (female), Weng Lihua [5040 4409 5478], Guo Xuehuan [6753 1331 3562], Guo Jida [6753 1015 6671], Huang Xingguo [7806 5281 0948], Liang Pingbo [2733 1627 3134], Liang Shude [2733 2885 1795], Si Daxiao [2448 1129 1321], Ge Shengping [5514 5110 1627], Jiang Jufeng [5592 1565 1496], Lu Zhiqiang [7627 1807 1730], Lu Songting [7627 2646 1656].

**Namelist of Alternate Members of the Ninth Zhejiang Provincial CPC Committee (in order of votes secured)**

Xie Qingjian [6200 1987 0256], Tong Shaosu [4547 5342 4790] (female), Xiang Youshao [0686 2589 4801], Mao Linsheng [5403 5259 3932].

**Namelist of Members of the Provincial Discipline Inspection Committee (in order of number of strokes of surname)**

Ding Xiefu [0002 3610 1381], Ma Zhongliang [7456 0112 5328], Wang Youren [3769 2589 0088], Wang Qichao, Wang Peimin [3769 1014 3046], Mao Xuelong [3029 7185 7893], Zhu Xiaoping [2612 1321 3237], Sun Yuefen [1327 2588 5358] (female), Li Xiuli [2621 4423 li not traced in STC] (female), Wu Jian [0702 6943], Wu Youming [0702 0642 7686], Wu Jinshui [0702 6855 3055], Shen Hui [3088 2547], Shen Lei [3088 7191], Shen Yunfei [3088 0061 7378], Zhang Shengyao [1728 0581 5069], Zhang Meifeng [1728 5019 7685] (female).

Zhang Zhenping [1728 6966 1627], Chen Renda [7115 0088 6671], Chen Aihua [7115 5337 5478] (female), Jin Xiangyang [6855 0686 7122], Zhou Baoxing [0719 1405 5281], Zhu Yaozu [4376 5069 4371], Gu Qiulin [7357 4428 7792], Shi Xiaozhong [8902 1321 1813], Han Liexing [7281 3525 5281], Tong Xiaowu [4547 2400 2976], Yu Rongren [5713 2837 0088], Xue Shaoxian [5641 1421 0103].

### Southwest Region

#### Guizhou Secretary on Economic Reform

HK1001100294 Guiyang Guizhou People's Radio  
Network in Mandarin 2300 GMT 1 Jan 94

[Text] During his recent inspection in Qiandongnan Autonomous Prefecture, provincial Secretary Liu Fangren emphasized: Party committees and governments at all levels, broad ranks of party members, and the broad masses must conscientiously study the thrust of the Third Plenary Session of the 14th CPC Central Committee and of the national economic work conference, further emancipate the mind, renew concepts, and broaden the mind, make meticulous efforts to organize the implementation of reform measures, and speed up development of the economy.

Liu Fangren said: Party committees and governments at all levels must uphold the basic line of "one center, two basic points," seek truth from facts, seize opportunities, and quicken the pace of development. They should adopt the idea of moving ahead as fast as possible, forging ahead bravely, and being courageous enough to do pioneering work. In the course of deepening reform, they should help advance the overall process, strive to make breakthroughs at key points, integrate theory with practice, apply various economic policies properly and flexibly, make substantial efforts to seize opportunities and strive to gain the initiative, and seek development while overcoming difficulties.

Liu Fangren said: Today, the gap between eastern and western regions is widening. A poor region like Guizhou Province should have a sense of urgency. We must adopt and firmly establish in our mind the idea of macroagriculture and develop the rural economy in an all-round way. While not relaxing grain production, we should vigorously develop diversified economic operations, township and town enterprises, animal husbandry, and courtyard economy. We must actively use the noncultivated land resources to optimum results, conduct farming properly, and try to reclaim more farmland from mountains. In organizing the implementation of reform measures, we must subject local to overall and immediate to long-term interests, handle well the relationship among reform, development, and stability, and create a fine environment for economic development. We must make a good job of the grass-roots organization building in rural areas, focusing on the building of party branches, so that for each village, a good party branch secretary is selected, a good leadership group set up, and a road to

prosperity found. It is necessary to establish a scientific management system and do a good job in the [words indistinct] activity, so that this activity can be brought to a new height.

Liu Fangren also emphasized that in the future, when assessing the performance of leading cadres of the autonomous prefecture and counties, we should, first, look at the growth rate of revenue in the specific locality; second, find out how much peasant per-capita net income has grown; and third, find out how well party and spiritual civilization building have been conducted.

#### Sichuan Secretary on Foreign Investment

HK1001100494 Chengdu Sichuan People's Radio  
Network in Mandarin 2300 GMT 29 Dec 93

[Text] While inspecting Yanan Prefecture from 26 to 28 December, provincial party Secretary Xie Shijie stressed the need to conscientiously implement the proposal raised by the Second Plenary Session of the Sixth Provincial CPC Committee for the province's economic development next year, to do well in opening up to the world, in key agricultural construction projects, in enterprise reform, and in spiritual civilization.

Comrade Xie Shijie said: It is far from enough for Sichuan to rely on self-accumulation in economic construction; it must rely on opening up to the world and foreign investments. This will develop Sichuan's economy rapidly. In this respect, we should make a faster move and be more dynamic. All kinds of measures should be taken to encourage foreign investments. He added: The way out for Sichuan's agriculture is stabilizing grain production, increasing income, and striving for moderate prosperity. Grain production and agricultural development should be carried out by means of science and technology, and township and town enterprises should be developed. A link must be formed between enterprises, markets, and peasants to blaze a track of rural industrialization. In the course of encouraging development of private economic sectors, there is also a need to vigorously develop collective economic sectors and strengthen rural party organizations' coherent force and combat worthiness.

Comrade Xie Shijie said: Key construction projects must be given full attention. The 10 construction projects arranged by the provincial government involving Sichuan's long-term development must be fulfilled as scheduled. Reform of existing enterprises must be deepened according to the 33 regulations, a good job must be done in carrying out reform experiments in the 22 enterprises selected, and experience in this respect must be promptly summed up and then popularized. In the meantime, particular attention must be paid to resolving the problem of loss-incurring enterprises. If this problem is not resolved properly, it will affect stability and unity.

Comrade Xie Shijie stressed: We must do two kinds of work simultaneously and lay equal stress on them and make a success of spiritual civilization. Leading cadres

should set strict demands on themselves, curb corruption, improve grass-roots-level organizations for social order, and help protect social order so as to spend the New Year and the Spring Festival happily.

### North Region

#### Beijing 'Mecca' for Foreign Businessmen, Investment

OW0701135294 Beijing XINHUA in English 1327  
GMT 7 Jan 94

[Text] Beijing, January 7 (XINHUA)—Beijing has become a mecca for overseas businessmen, with several new trends emerging in recent years.

According to the latest statistics, the city approved 3,752 foreign-funded enterprises in 1993, with promised and direct investment hitting 10.387 billion U.S. dollars and 6.28 billion U.S. dollars, respectively. The figure is more than the total for the previous 14 years.

It is also reported that there was an increase in the number of well-known, trans-national companies undertaking large projects during the year, indicating their firm confidence in the enhanced investment environment.

Last year 202 projects involving real estate and infrastructure, and funded with over 10 million U.S. dollars were started, compared to only 44 in the previous two years.

Among the big names were included America's Motorola Inc. and Mars Inc., Japan's Matsushita Electrical Works Ltd, Australia's Cadbury Schweppes Plc., and others from Hong Kong, Thailand, South Korea and Taiwan.

Meanwhile, considerable investment was directed to tertiary industry. Among the newly approved foreign-funded firms, 33 percent are in this field, compared with only 7.3 percent in 1992.

Experts attribute the trend to the city's ambitious plan to become a financial, tourism and commercial center.

In addition, 696 firms solely invested by overseas businessmen to the tune of 340 million U.S. dollars, opened in Beijing last year, covering sectors such as electronics, clothing, medicines, foodstuffs, furniture and communications.

#### Reportage on Hebei Secretary's Activities

##### Attends Reform Rally

SK0701094594 Shijiazhuang HEBEI RIBAO in Chinese 22 Dec 93 pp 1, 2

[By Hebei University Trainee Song Hong (1345 4767) and Reporter Wang Chunhai (3769 2504 3189): "To Build a Province Strong in the Economy, We Must First Build a Province Strong in Opening Up"]

[Text] On the afternoon of 21 December, at the auditorium of the Shijiazhuang City Workers' Cultural Palace, the provincial party committee and the provincial government held a provincial mobilization and report rally on opening up with a subject of strengthening reform, expanding the scale of opening up, accelerating development, and building an economically strong province. Participating in the rally were the secretaries of various city and prefectural party committees, the mayors of various cities, and the commissioners of various prefectures who were participating in the seventh plenary session of the fourth provincial party committee. Also participating in the rally were cadres of the organs directly under the provincial authorities and cadres at or above the section level in Shijiazhuang city. The total attendance was more than 2,000 people. Leading comrades of the provincial party committee, the provincial people's congress standing committee, the provincial government, and the provincial committee of Chinese People's Political Consultative Conference, attended the rally.

As suggested by Cheng Weigao, secretary of the provincial party committee, as decided by the provincial party committee and the provincial government, and heading responsible comrades of the general office of the provincial government, the provincial planning commission, the provincial foreign economic relations and trade commission, the provincial office for opening up, the provincial foreign trade department, and governments of Shijiazhuang, Qinhuangdao, Tangshan, and Cangzhou cities, Chen Liyou went to Shandong, Jiangsu, and Zhejiang provinces to specially observe these provinces' situation in economic development and opening up. After hearing the investigatory report made by the observation team, the provincial government considered that this report was great guiding significance in effecting a strategic change in the province's opening up and in accelerating the pace of opening up. Then, the provincial government decided to hold this mobilization and report rally with the aim of further strengthening, by introducing the experiences of Shandong, Jiangsu, and Zhejiang provinces, the sense of urgency, the sense of crisis, the sense of being enterprising, and the sense of responsibility in implementing the guidelines of the third plenary session of the 14th CPC Central Committee and in making arrangements for the work of the next year, with the aim of emancipating the mind, fully understanding the important position and role of opening up in building an economically strong province, and with the aim of mobilizing all the people in the province to implement the strategy of "using export-oriented economy to bring along the entire economy," to energetically develop the export-oriented economy, and to develop the provincial economy in a sustained, rapid, and sound manner.

Ye Liansong, governor of the province, presided over the rally. Chen Liyou, vice executive governor of the province, made a investigatory report on the opening up situation of Shandong, Jiangsu, and Zhejiang provinces.



After comparing Hebei province's major economic development targets with those of Shandong, Jiangsu, and Zhejiang provinces over the past two years, Chen Liyou said: The reasons for the rapid economic development of Shandong, Jiangsu, and Zhejiang provinces are as follows: First, they have persistently regarded development as an unchanging principle and have promoted opening up by continuously emancipating the mind. Second, in approaching the relations of opening up and export-oriented economic development with the overall situation of economic development, they have all defined the new economic guiding ideology, regarded the development of export-oriented economy as the dragon head of the economic development of the whole province, and implemented the strategy of "using export-oriented economy to bring along the entire economy." Third, they have persisted in the export-oriented economic development road of developing the economy under the guidance of foreign trade, making a breakthrough in utilizing foreign funds, and developing high-level foreign economic relations and have grasped foreign trade, foreign funds, and foreign economic relations simultaneously. Fourth, they have made higher and lower levels join hands in improving investment environment, concentrated financial and material resources on accelerating the building of tangible environment, and paid attention to power delegation with one hand and service with the other hand to improve intangible environment. Fifth, they have expanded the scale of external propaganda, positively and voluntarily sponsored various forms of activities to absorb foreign investment, and vigorously conducted trade talks with good results. Sixth, they have paid attention to building development zones and made them new growing points of the economy. Seventh, they have vigorously trained competent persons suitable for the development of export-oriented economy. Eighth, they have been diligent to do concrete work in coordination with others. They have put in practical endeavor in opening up, strived for practical results, wholeheartedly attended to work, gone all out to anticipate others, and found shortcomings in front of achievements.

Cheng Weigao made a speech at the rally. He said: Although Shandong, Jiangsu, and Zhejiang provinces have effected a rapid progress in economic construction and a rapid increase in economic strength, they still pay attention to emancipating the mind continuously and repeatedly, use the large-scale emancipation of the mind to promote the large-scale opening up, and use the large-scale opening up to promote the large-scale economic development. When the environment is relaxed, they fear no difficulties and dare to compete with others; when results are achieved in their work, they continuously find out shortcomings and problems; and when there are difficulties in their work, they do not blame others but stress on objective reasons. Such an enterprising spirit of regarding development as unchanging principle and always advancing bravely, pioneering the road of advance, and accelerating development under any circumstance much merits our studying.

Over the past two years, our province has achieved results in opening up. Not only the degree, scale, channels but also the scope, quantity, and quality of opening up have improved and developed continuously. Particularly since the issuance of Comrade Xiaoping's important speeches made during his south China trip and since the convocation of the 14th CPC Congress, we have effected doubled increases in utilizing foreign funds, in developing the three types of foreign-invested enterprises, and in importing funds, technology, and talents. This has played an important role in developing the province's economy. However, we still lag behind if compared to coastal provinces, to the situation of whole country, and even to some inland provinces with good performance. About two years have passed since the 14th CPC Congress demanded to accelerate the opening up of Bohai Bay. However, the Qinhuangdao, Tangshan, Cangzhou, and Shijiazhuang open zones in the province have not yet made great breakthroughs in opening up. Although relatively big headway has been made in opening the areas around Beijing and Tianjin to other domestic areas, it has just confined to a part of counties, cities, and prefectures. Considerably more counties, cities, and prefectures have not yet established cooperative relations with Beijing and Tianjin. Now, the province's work concerning foreign economic relations is just at the beginning stage, the foreign trade work has stagnated over the past few years, and the work concerning foreign economic relations has fallen to the bottom.

Cheng Weigao pointed out: Although there are many reasons for the little progress and the poor results in the province's opening up, a most important reason, when viewed from the results of the current observation to Shandong, Jiangsu, and Zhejiang provinces, is that our province has regarded the opening up and the development of export-oriented economy as the matters of some foreign economic departments instead of regarding them as the strategic matters that have a bearing on the overall situation of the economy and bring along the development of the entire economy, and that the province is still affected by "left" ideas and tied by many outmoded concepts, has not done enough in emancipating the mind, and has lacked courage and vigor in opening to the outside world, in utilizing foreign funds and technology, and in developing export-oriented economy. In addition, opening to the outside world, actively utilizing foreign funds and technology, and developing export-oriented economy have not yet become the identical action of all localities, all professions and trades, and all fields. Economic construction departments and the overwhelming majority of enterprises have not yet readjusted their structures, improved their quality, and linked their products with the world markets in line with the demands of the world markets and with the demand of participating in the competition on the world markets.

All levels of governments and all departments have not done enough in consciously rendering economic service to utilization of foreign funds and to development of foreign economic relations and trade. Foreign trade

departments have not yet truly set forth the correct idea of organizing domestic production in line with the demand of the world market to bring along the development of domestic economy. Such a situation must be changed rapidly. Cheng Weigao stressed: Building an economically strong province, we must first build a province strong in opening up. Therefore, through this rally, all localities and all departments should, by discussing the report of Chen Liyou, examine and analyze their opening up situation over the past two years, summarize experiences and lessons, strengthen their respective planning, and strive to emancipate the mind and accelerate the pace of opening up and the development of export-oriented economy in this year and in the next two years. Qinhuangdao, Tangshan, Cangzhou, and Shijiazhuang, that are around Bohai Bay, should conduct a conscientious study and make best possible use of their advantages to make a big breakthrough in opening up. The province should effect a rapid progress in utilizing foreign funds and in developing foreign trade and foreign economic relations. All prefectures and cities and all professions and trades should strive to achieve new results in opening up.

At the conclusion of the rally, Ye Liansong dwelt on the opinions on the work of opening up.

#### Addresses Mao Centenary Forum

SK0801231994 Shijiazhuang HEBEI RIBAO in Chinese 26 Dec 93 pp 1,2

[Speech by Cheng Weigao, secretary of the Hebei Provincial CPC Committee, at the provincial forum of personages of various circles on marking Comrade Mao Zedong's 100th birthday sponsored by the provincial party committee at the Xibaipo Memorial Hall Square on 25 December]

[Text] The provincial party committee held a forum of personages of various circles to ceremoniously mark Comrade Mao Zedong's 100th birthday. In their speeches, comrades, with deep feelings, extolled Comrade Mao's outstanding contributions, spoke highly of the party's experiences in inheriting and developing Chairman Mao's great causes gained since the third plenary session of the 11th party Central Committee, and looked forward to the Chinese nation's bright future in the 21st century. So, I profoundly experienced their deep love and esteem of Chairman Mao. I think that anyone who is growing up from old China understands that the motherland turned itself gradually from a state of being enslaved and devastated to a rich and powerful country, and recalls the great leader pioneering the cause of revolution and construction.

There are only seven years remaining until the end of the 20th century. As far as the Chinese nation is concerned, the 20th century was not only a gravely disastrous century, but also one in which to create brilliance again. In the first half of the century before 1949, China overthrew the rule of imperialism, feudalism, and

bureaucrat-capitalism and created the fighting history of new China. In the latter half of the century, the Chinese people worked arduously to pioneer undertakings and explored ways to build, consolidate, and develop the history of socialism. We cannot divorce ourselves from the name of Mao Zedong when reviewing these two arduous and brilliant sections of history.

China was confronted with two historical tasks in modern times: One was national independence and the liberation of the people. The other was to make the country powerful. Comrade Mao Zedong struggled all his lifetime to fulfill these two tasks. This embodied his historical contributions. We can say that Comrade Mao Zedong did two great deeds during his lifetime. The first great deed was that he led the party and the people to overthrow the rule of imperialism, feudalism, and bureaucrat-capitalism and accomplished the tasks of democratic revolution. Proceeding from Chinese history and the specific situation of society and on the basis of summing up the experiences of the Chinese revolutionary struggle, Comrade Mao Zedong created the theory on new democratic revolution and discovered the revolutionary road of encircling the cities from the rural areas. Comrade Mao Zedong, with gigantic theoretical courage, resolutely proceeded from reality, resolutely resisted the influence of both domestic and foreign dogmatism, gained experiences from setbacks and failures, and discovered the accurate revolutionary roads suitable to the Chinese national situation. As a result, China won a victory in revolution. This was the first great matter task by Comrade Mao Zedong during his lifetime. The second great task was that he made efforts to explore ways to build China's socialism after accomplishing the transformation of socialism with Chinese characteristics. Comrade Mao Zedong was one to make such explorations. He was the first person to acutely discover the malpractice and weak points of the socialist pattern of the Soviet Union and definitely advocated that China should have its own way of building socialism. To this end, he guided the Chinese people to arduously explore and took extremely tortuous roads. He left many brilliant ideas through these exploration courses, and these ideas are still of important guiding significance.

We may say that Comrade Mao Zedong left us with an unaccomplished will of making the country strong and the people rich. He failed to see with his own eyes the fruitful results of his undertakings of exploration and creation. The undertakings left unaccomplished are being realized with the efforts of CPC members, with Comrade Deng Xiaoping as their representative. On the basis of summing up, according to the principle of seeking truth from facts, both positive and negative experiences and lessons gained since the founding of the PRC and in line with the new practical experiences, Comrade Deng Xiaoping, with gigantic theoretical courage, defined that our country's socialist system is still in the "initial stage," set forth a series of policies and principles for reform, and summarized these policies and

principles into the theory on building socialism with Chinese characteristics and the basic line of "one center and two basic points," and finally found the road of building socialism with Chinese characteristics that Mao Zedong failed to find at that time. This is the only way for developing socialist China and the way for China to seek prosperity and stand among various nations in the world. Through the arduous efforts of the people of the whole country in the past 15 years, our country's gross national product has doubled and the people are striding toward the target of being fairly well-off. With full confidence, we can tell Comrade Mao Zedong that his aspiration of catching up with and surpassing the developed countries in the world is being realized.

To recall Chairman Mao's fruitful achievements, we should emulate Mao Zedong; inherit and develop Mao Zedong Thought; use Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics to guide the work in various aspects; accelerate the progress of reform, opening up, and modernization; and ensure long-term peace, stability, and prosperity of the country.

To emulate Mao Zedong, we should conscientiously study his thinking and work style of seeking truth from facts, proceeding from reality, and linking theory with practice. Comrade Mao Zedong had a good command of Marxism and the Chinese traditional culture. Foreign conventions or ancient conventions restricted him from exploring ways for the Chinese revolution. He always opposed the practice of studying theories not according to the Chinese socialism and the reality of the Chinese revolution. Early in 1930, he opposed book worship and stressed that without investigations there would be no right to speak. The greatest reality we are confronted with now is to promote the large-scale development of socialist productive forces through the setup of the socialist market economic system. As far as our province is concerned, we should grasp favorable opportunities, intensify reform, expand the scale of opening up, speed up the pace of development, and strive to build the province into an economically powerful province. As a large province near Beijing, Hebei will be unworthy of not only its 63 million people, but also Comrade Mao Zedong's cordial concern with and earnest aspirations for Hebei during his lifetime, if we are unable to make a faster development or continue to widen the gaps with advanced provinces and municipalities. So, we should go deep to the forefront of reform and development, exert efforts to study the new situation, and use the new ideas and methods that are suitable to the requirements of the market economy to solve various kinds of complicated problems relating to deep-layered reform work. We should thoroughly change the mental state of sticking to old conventions, remaining undecided or adopting a wait-and-see attitude when faced with favorable opportunities, and being blindly self-satisfied in the course of development. The broad masses of cadres in the province should actually form a brand-new outlook of seeking truth from facts and emancipating the mind.

To emulate Mao Zedong, we should conscientiously study Mao Zedong's thinking of sharing woe and weal with the people and serving the people wholeheartedly. Mao Zedong often exhorted that the whole party was the vanguard of the proletariat, existed and fought for the interests of the people, and was always a small part of the people; and that once the party was divorced from the people, it would fail to realize its ideals and its struggles would become meaningless. On the eve of the victory in democratic revolution, Mao Zedong predicted that there would be dangers of being divorced from the masses within the party. We should firmly remember Chairman Mao's exhortation to the whole party when he was in Xibaipo and continue to maintain the style of being modest and prudent and guarding against arrogance and rashness.

We should continue to maintain the style of arduous struggle, always take root among the masses, always persist in the purpose of serving the people wholeheartedly, and make unswerving efforts to fundamentally improve party style and social practice.

To emulate Mao Zedong, we should conscientiously study the spirit of bravely exploring and arduously doing pioneering work as advocated and practiced by Mao Zedong. Mao Zedong constantly regarded the world as an endless development course and took his own undertakings as a course of continuous exploration and pursuit. He was never satisfied with existing achievements and constantly regarded existing achievements as a starting point for his new explorations and pioneering work. We can say that Mao Zedong made ceaseless efforts to make explorations and do pioneering work during his lifetime. Some of his explorations became brilliant historical contributions; and some became precious ideological heritage in the form of experiences and lessons and also guided us to make wider and deeper explorations and do pioneering work today. The Volume 3 of the *Selected Works of Deng Xiaoping* is just the result and fruit of the explorations in the past 10 years or so. Our purpose to study the Volume 3 of the *Selected Works of Deng Xiaoping* is to make better new explorations and do new pioneering work. The year 1994 will arrive soon. Next year will be a key year to comprehensively reform the economic system and speed up the setup of the socialist market economic system, as well as to satisfactorily fulfill the Eighth Five-Year Plan and quadruple the gross national product ahead of schedule. So, we should grasp the new favorable opportunity of reform and development and adopt a fighting attitude to devote ourselves to the great exploration and pioneering undertaking.

Comrades: Let us inherit and develop the undertakings pioneered by Mao Zedong, persistently take Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics as guidance, ceaselessly keep forging ahead, and capture a new victory in reform, opening up, and socialist modernization.



### Visits Hebei University

*SK0801094194 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 7 Jan 94*

[Recorded report from Baoding: "Cheng Weigao, Secretary of the Hebei Provincial Party Committee, Calls on Teachers and Students at Hebei University on the Morning of 7 January"]

[Excerpts] On the morning of 7 January, Cheng Weigao, secretary of the provincial party committee; and Liu Zuoqian, vice governor of the provincial government, went to Hebei University to call on teachers and students.

At the computer room of the university, Comrade Cheng Weigao held talks with teachers and students. [passage omitted]

Provincial leaders also visited the university's libraries, central laboratory building, physics and chemistry laboratories, and student canteens; and then held talks with the university leaders, some senior professors, and young teachers. [passage omitted]

During the talks, Cheng Weigao conscientiously heard the teachers' opinions.

He stressed: The university should focus on teaching, attend to both applied science and basic science, and be concerned with the working and living conditions of teachers. The party, administrative, trade union, and Communist Youth League organizations of the university, as well as its service departments should go all out to improve the living conditions of teachers and students and ensure they have stable working conditions and stable ideology and concentrate all energy on teaching and scientific research. The university should create good conditions to attract skilled persons and have them remain at the university in an effort to build itself into a key university of the whole country. [passage omitted]

### Inner Mongolia Holds 'Nonparty Personages' Forum

*SK0601114994 Hohhot NEIMENGGU RIBAO in Chinese 17 Dec 93 p 1*

[By Reporter Chen Li (7115 0500): "The Regional Party Committee Holds a Forum of Nonparty Personages To Solicit Their Opinions"]

[Text] On 15 December, the regional party committee held a forum of nonparty personages to extensively solicit their opinions on the main subject of accelerating the pace of reform, opening up and economic development and striving to realize the grand objective of "entering the front rank" which will be discussed at the forthcoming eighth enlarged plenary session of the fifth regional party committee.

Comrade Wang Qun presided over the forum. Qian Fenyong and Zhang Zuocai attended the forum.

Responsible persons of democratic parties and of the Federation of Industry and Commerce and nonparty personages talked and aired their views freely on the policy decisions mentioned in the report on the main subject to be discussed at the forthcoming eighth plenary session of the fifth regional party committee.

In a harmonious atmosphere, Comrade Wang Qun and the participants jointly discussed the issues of common concern. He said in his speech: United front work is one of the magic weapons of our party. We should develop it in a better manner. This is a strategic issue, not a technical one. We must promote the political advantage of multiparty cooperation, the wisdom of various democratic parties and the information advantage, pool the wisdom and efforts of all, work with one heart and one mind and successfully carry out the work of the autonomous region.

In his summing-up speech, Comrade Wang Qun noted: Next year is a crucial year. The implementation of the "decision" of the third plenary session of the 14th party Central Committee has indicated that our country has entered a new stage in carrying out the socialist cause with Chinese characteristics. After 15 years of reform and opening up our region, like other places in the country, it has achieved tremendous achievements in all fields of work. The 15 years of practice has proven that reform and opening up is our sole correct choice. In the coming year, we must try it and go ahead daringly and expand the degree of reform. It is not realistic to stop halfway or retreat or slow down our pace in reform. The only thing we should do is to unswervingly accelerate reform and development and to rapidly and thoroughly change the planned economic system into the socialist market economic system. This is a road of development and a bright one, representing the fundamental interests of the people of various nationalities. We have conditions and certainty of doing our work well. But we should also recognize the problems and difficulties. Because reform in the banking, financial, taxation, pricing and foreign trade aspects will inevitably involve the adjustment of interests in various aspects and some unfair distribution methods formed in the past. Perhaps, it may also arouse ideological problems of one kind or another and some related issues concerning the reform strength. Therefore, we hope that comrades of various democratic parties will make common efforts, do a good job in propaganda and guidance, use the "decision" of the third plenary session of the 14th party Central Committee to unify the thinking of people of various nationalities and various democratic parties, keep eyes on long-term interests, the interests of the whole and the fundamental interests, properly handle the relations of reform, development and stability and do a good job in ideological work and promoting unity. Wang Qun pointed out: Opposing corruption, promoting honesty and accelerating reform should be united. If we fail to do a good job in fighting corruption and promoting honesty, reform and opening up will be unable to successfully carry out. In addition to striving for achieving expected results in



the anticorruption struggle, we should also make long-term and unremitting efforts to grasp this work. In the complicated anticorruption struggle, we must be soberly minded, solve problems according to their merits, seek truth from facts and grasp this work in a down-to-earth manner. It is hoped that all democratic parties will give help and supervision to this work.

Comrade Wang Qun also called for efforts to fully absorb the opinions of the people and make revisions on the report concerning the main subject to be discussed at the

forthcoming eighth plenary session of the fifth regional party committee. At the same time, the problems on the purchase of cars, subjectivism, overlapping construction reflected by the participants at the forum should be made known in the form of issuing bulletins so that they can be rapidly solved.

Wang Chongwen, Chen Jie and Xu Bonian, vice chairmen of the regional committee of the Chinese People's Political Consultative Conference, also attended the forum.

**XINHUA Commentary on 'Repatriating Hijackers'***OW0801124794 Beijing XINHUA in English 1230  
GMT 8 Jan 94*

[Text] Beijing, January 8 (XINHUA)—Taiwan authorities are urged to stop placing any political barriers in the way of repatriating hijackers in a XINHUA commentary here today.

On December 18 to 22 last year, the Association for Relations Across the Taiwan Straits (ARATS) on the Chinese Mainland and the Taiwan-based Straits Exchange Foundation (SEF) held working talks in Taipei [Taipei].

The working talks attained positive results, including the consensus that in principle hijackers must be repatriated, the commentary says.

However, the SEF issued a statement on December 22 saying, that although the ARATS eagerly wants to have the hijackers repatriated, it is not willing to face up to the "equal judicial jurisdiction entitled to our side."

Originally, the discussions between the ARATS and the SEF were aimed at seeking practical and realistic measures acceptable to the two sides to solve concrete problems in the people-to-people contacts across the straits, considering that political differences exist between the two sides across the straits.

The ARATS has reaffirmed that the political differences between the two sides should not become an obstacle to consultations between the two organizations.

Many times the ARATS has put forward practical and realistic and rational suggestions for seeking ways to reach an agreement.

However, the Taiwan authorities called the suggestions "defying the equal judicial jurisdiction entitled to Taiwan" and refused to accept them.

It should be pointed out that, under the present situation in which political differences between the two sides can not be resolved at once, the practical way to solve the repatriation of hijackers and other issues is to avoid sensitive political problems and take a positive and realistic attitude to seek measures for resolving the issues, which can be accepted by both sides, within the scope of discussions of the two organizations.

The issue of judicial jurisdiction is essentially a political one, the commentary says. The Taiwan authorities' sticking to the so-called "equal judicial jurisdiction" or "reciprocal right to the judicial administration" during the routine business talks of mass organizations is a covert attempt to create "two Chinas" and will never work.

The "Wang-Ku" meeting concluded agreements and the two organizations have made progress in routine talks,

thus paving the way for solving concrete problems in contacts among compatriots on both sides of the straits.

To better prevent the criminal offense of hijacking, the civil aviation departments on the mainland have strengthened safety examinations.

Naturally, the Taiwan authorities should adopt necessary measures to cooperate in settling the issue of a handful of evil-doers hijacking passenger planes to Taiwan, the commentary says.

**ARATS Official Sees 'Progress' in Ties***HK0901071494 Beijing CHINA DAILY in English  
8 Jan 94 p 4*

[Article from the "Opinion" page by Tang Shubei, vice-chairman of the Association for Relations Across the Taiwan Strait: "15-Year Progress in Ties Across Taiwan Strait"]

[Text] The relationship between the Chinese mainland and Taiwan has witnessed a gradual detente in the past 15 years thanks to the practical and flexible policies adopted by both sides.

The Wang-Koo Talks last April, involving the heads of the non-governmental Association for Relations Across the Taiwan Strait (ARATS) of the mainland and the Straits Exchange Foundation of Taiwan (SEF), ushered in a new era in the relations between the two sides.

At the end of last year, a break-through was made when leading negotiators from ARATS arrived in Taiwan and talked with their counterparts with the SEF.

It was the first time since the People's Republic was founded in 1949 that members of the mainland non-governmental organization landed on the island, bringing a New Year gift to compatriots across the Taiwan Strait as well as overseas Chinese.

Even before the political detente, economic ties between the two sides were improve greatly.

Taiwan businessmen are running about 10,000 companies and enterprises on the mainland with a contract value of \$10 billion. By the end of 1992, bilateral trade amounted to \$29 billion.

Other kinds of exchanges have also become more frequent, ending the grievous situation of no communication due to military confrontation 15 years ago. Over the years, 1 million people have crossed the Strait.

Relaxation of tension across the Strait began with the mainland's publication of the "Message to Compatriots in Taiwan" on January 1, 1979.

At that time, the mainland had shifted its main task to economic development. And the international status of China had been greatly improved as the country set up diplomatic relations with the United States on January 1, 1979.

The message says the Chinese mainland is trying to solve the reunification issue by peaceful measures rather than by military force.

The strategic message has formed the basis for establishing a new type of relation between the mainland and Taiwan, said Tang Shubei, Vice-Chairman of ARATS, in the weekly magazine Outlook.

The mainland advocated direct exchanges of mail, trade, and air and shipping services as well as those of personnel, culture and sports across the Strait.

These proposals met the needs of compatriots across the Strait and were welcomed by them, Tang said.

Jiang Dianming, from the Chinese Academy of Social Sciences, shares Tang's view. He said that publication of the message showed the practical attitude of the mainland on the issue of reunification.

Also, the message showed that the mainland respected the status quo of the island and the will of its people. And the mainland guaranteed that Taiwan would not suffer economically after reunification, Jiang said.

Great changes have taken place in the relations across the Taiwan Strait since the publication of the message.

In 1981, Ye Jianying, then Chairman of the Standing Committee of the National People's Congress, reiterated the mainland's policy on Taiwan, stressing that Taiwan would enjoy high autonomy as a special administrative zone of the People's Republic after reunification.

Senior leader Deng Xiaoping perfected the policy with his "one country, two systems" composition in 1984. Within his framework, once the country is unified the mainland would continue its socialist system while Taiwan maintains its capitalism.

In response to the mainland's flexible measures, Taiwan authorities announced in August 1987 that residents of the island would be allowed to visit their relatives on the mainland.

It was a positive step, further relaxing the confrontation across the Strait. Since then, thousands of Taiwan residents have been swarming to the mainland to visit relatives or tour places of interest. Such visits have promoted indirect trade and investment across the Strait.

To reduce friction and disputes, the non-governmental SEF and ARATS were set up in 1990 and 1991, opening a high-level negotiation channel across the Strait.

However, problems still hamper the growth of co-operation.

The indirect exchanges have proven time-consuming. And the Taiwan authorities have placed many obstacles and restrictions in the way of exchanges.

Another common task for both sides is to unswervingly oppose those advocating the "independence of Taiwan" and oppose any activities aimed at undermining the country's sovereignty. The two sides should sit down to hold more talks concerning issues related to reunification, Tang Shubei said.

On the premise of the one-China principle and on the basis of equality and common ground while reserving differences, there are always solutions to the problems, said Tang.

Further contacts across the Taiwan Strait in the new year are needed to promote the progress of the peaceful reunification of the country.

Lu Jiayi, Vice-Chairman of the Standing Committee of the NPC, has urged the two sides to strengthen scientific co-operation, especially in high and new technology.

This will be helpful for reunification and will benefit the world on the whole, Lu said.

**Vietnamese Refugee Boat 'Refused' Entry***OW0801093494 Taipei Voice of Free China in English  
0200 GMT 8 Jan 94*

[From the "News" program]

[Text] A boat carrying Vietnamese refugees sailed for Japan from the northern Taiwan shore Thursday [6 January] after the military employees replenished it with fresh food, water, and fuel. The Vietnamese boat with 24 men, women, and children on board have been drifting on the sea for three months before it forced its way into a fishing port in Hsinchu at 0630 a.m. Thursday. The boat has tried to enter the port on Wednesday night but was refused by the military who detected it from the radar screen. The Vietnamese captain requested that he and his passengers be allowed to stay in Taiwan for a few days before the weather became stable. But the military employees turned down the appeal. Instead, local authorities supplied the vessel with fresh water, food, and fuel to continue its trip.

**MAC To Facilitate Visits by Mainland Businessmen***OW0901010294 Taipei China Broadcasting  
Corporation News Network in Mandarin 2300 GMT  
7 Jan 94*

[From the "Hookup" program]

[Text] Kao Kung-lien, vice chairman and spokesman of the Mainland Affairs Council [MAC] pointed out that regarding the issue of visits to Taiwan by mainland businessmen and traders, the MAC has already coordinated with the various relevant ministries and commissions, and will work out plans in a liberalized manner. However, even if the plans are approved at a MAC meeting, it does not mean they will be implemented immediately. To a large extent it will depend on the reactions and attitude of Taiwan businessmen who invest on the mainland.

**Cross-Strait Talks May Include Scientific Exchanges***OW0801134094 Taipei China Broadcasting  
Corporation News Network in Mandarin 2300 GMT  
7 Jan 94*

[From the "Hookup" program]

[Text] The subject of cross-strait scientific, technological, and cultural exchanges is expected to be included in the agenda of cross-strait working-level talks to be held soon. It has been learned that during the upcoming Chiao [Jen-ho]-Tang [Shu-pei] talks, representatives of both sides are expected to exchange views for the first time on the subject of scientific, technological, and cultural exchanges. Relevant departments of our side have worked out the talks format. It has been learned

that, on the subject of science and technology, the scope earmarked by our side has been pretty wide, including [words indistinct] mainland waste materials, personnel and technological exchanges, and setting up scientific research centers on the other side. It has been learned that, during the upcoming Chiao-Tang talks at the end of this month, representatives of the Straits Exchange Foundation and the Association for Relations Across the Taiwan Strait will exchange preliminary views on the subject of cross-strait scientific and technological exchanges to determine discussion topics, on which both sides have considerable consensus [words indistinct].

**Official on Import Regulations of PRC Products***OW0801054694 Taipei Voice of Free China in English  
0200 GMT 7 Jan 94*

[From the "News" program]

[Text] A ranking trade official said that it will probably take two more years before the government will allow the importation of finished products manufactured in Mainland China. Currently the government allows the importation of 1,664 merchandise items from the mainland. The government has sought to limit the impact of cheap mainland products on the Island's economy by allowing only semi-finished products to be imported.

According to the Economic Affairs Ministry, the ROC [Republic of China] is considering lifting import restriction on mainland products. Over the next two years, the number of permitted imported products may increase from the current 1,664 to 5,000. In addition, once the 5,000 target has been reached, a recommendation will be made to the Cabinet that the list of permitted imports be dropped in favor of a list of banned imports. The ministry estimated that this year, Taiwan's total imports from the mainland will grow more than 20 percent.

**Island's 1993 Inflation Rate 'Lowest Since 1988'***OW0801103294 Taipei Voice of Free China in English  
0200 GMT 8 Jan 94*

[From the "News" program]

[Text] The ROC's [Republic of China] inflation rate edged down to 2.9 percent last year, the lowest since 1988. Officials said the low inflation rate came about despite a 4.6 percent price hike recorded in December. The rise was the highest recorded in a single month over the last 14 months and was caused mainly by sharp increases in vegetable prices. Officials attributed 1993's low inflation to four main factors: first, the absence of major typhoons, which kept fruit and vegetable prices stable throughout the year; second, the marginal rise in wages and rents; third, the declining world oil prices; and fourth, prices of industrial raw materials remain low. Officials predicted that prices would remain stable this year, citing the lowering of import tariffs in preparation for Taipei's admission into the General Agreement on Tariffs and Trade, or GATT.



## Hong Kong

### Preliminary Working Committee Holds Third Meeting

#### Views Termination of Legislative Structure

OW0801091494 Beijing XINHUA Domestic Service in Chinese 1410 GMT 7 Jan 94

[Text] Beijing, 7 Jan (XINHUA)—At its third meeting today, the political affairs group of the Preliminary Working Committee for the Preparatory Committee of the Hong Kong Special Administrative Region [SAR] discussed the termination of the last term of the Hong Kong Legislative Council [Legco], two municipal councils, and district boards.

It is reported that members of the committee held that, according to the stipulations of the Sino-British Joint Declaration, the PRC will resume sovereignty over Hong Kong on 1 July 1997 and the British Government will return Hong Kong to the PRC on the same day. This means that British rule over Hong Kong will end on 30 June 1997. Prior to this, the British Government is using two constitutional documents, "Letters Patent" and "Royal Instructions," as legal grounds for its rule over Hong Kong. It rules Hong Kong specifically through a political structure composed of the Legislative Council, two municipal councils, and district boards. The British Hong Kong political structure is an overall reflection of the British rule over Hong Kong. With the termination of British rule over Hong Kong, the two constitutional documents that hold its power together will definitely be abolished, that is, the legal grounds will disappear. This signifies that the original British Hong Kong political structure that rules Hong Kong will of course terminate concurrently. British rule over Hong Kong can neither be extended beyond 30 June 1997, nor can it be allowed to make any decisions to let the existing political structure do so. Otherwise, it will be considered to have overstepped its power, and the principle of sovereignty stipulated in the Sino-British Joint Declaration and the Basic Law will be meaningless. If such were the case, it would be the same as extending British rule beyond 1 July 1997, which is absolutely impossible.

According to the abovementioned principle, council members of the last term of the three-tier political structure under the British Hong Kong Government can only serve until 30 June 1997. However, current relevant laws of the British Hong Kong Government specify that all the terms for council members under the three-tier political structure are four years. Members of the committee felt that this clearly contravenes the abovementioned principle, and therefore is definitely invalid. The day when China resumes its sovereignty over Hong Kong, 1 July 1997, is also the time of the termination of the existing British Hong Kong political structure. This is also a justified and inevitable outcome when Britain returns Hong Kong to the PRC and the Chinese Government resumes its sovereignty over Hong Kong. This

is the duty the British Government should fulfill and a right the Chinese Government should exercise, as stipulated in the Joint Declaration.

Members of the committee pointed out that the first legislative body and district organizations of the Hong Kong SAR established after 1 July 1997 will be completely different in nature from the political structure of the British Hong Kong Government prior to 1 July 1997. It will not be a "complete copy" of the original British Hong Kong political structure, but one that will be established in accordance with the Hong Kong SAR Basic Law and relevant decisions of the National People's Congress [NPC]. It will be a political structure that embodies the Chinese Government's resumption of sovereignty over Hong Kong, and shows that Hong Kong is run by its residents and enjoys a high degree of autonomy.

The status, power, and organization of the legislative body of the Hong Kong SAR will differ greatly from the Legco, which acts as a British Hong Kong consultative organization. The Basic Law and relevant decisions of the NPC on procedures for establishing the first government and legislative body of the Hong Kong SAR have specified conditions and confirmation procedures for council members to ride on the "through train." The Chinese Government had hoped that China and Britain would make arrangements for a smooth transition for members of the last term of the British Hong Kong Legco through consultations. However, as China and Britain could not reach an agreement on Hong Kong's 1994/1995 election arrangements in their talks, conditions for the transition of council members no longer exist. Members of the committee pointed out that the two legislative institutions, different in nature, cannot be lumped together, even if there had been an agreement between China and Britain on arrangements for transition. Nor is it because of the absence of an agreement that the current issue of the different nature of the two legislative institutions has emerged. As mentioned earlier, it is the different legal grounds that decide the different nature of the two legislative institutions.

Members of the committee also pointed out that as component parts of the British Hong Kong Government political structure, the district boards and two municipal councils of Hong Kong are closely connected to the administrative power of the British Hong Kong Government. Therefore, as with Legco, the last term of the district boards and two municipal councils of the British Hong Kong Government will inevitably be terminated on 30 June 1997. If the regional organizations are not of an administrative nature, they certainly may transit to the Hong Kong SAR and all they need is an agreement between China and Britain. However, for reasons known to all, China is unable to realize this wish.

### On Disbanding Three Tiers of Councils

OW0701160994 Beijing XINHUA in English 1558  
GMT 7 Jan 94

[Text] Beijing, January 7 (XINHUA)—The three tiers of councils in the Hong Kong Government will be disbanded with the termination of British rule over Hong Kong and the abolition of relevant British laws supporting the councils on June 30, 1997, according to an on-going meeting here.

The meeting is that of the political affairs group of the preliminary working committee for the preparatory committee of the Hong Kong Special Administrative Region, which operates under the Standing Committee of China's National People's Congress.

According to the group, the People's Republic of China, in accordance with the Sino-British Joint Declaration, will resume sovereignty over Hong Kong on July 1, 1997; the British Government will also return Hong Kong to China on the same day.

This means that British rule over Hong Kong is based on two constitutional documents as legal grounds until June 30, 1997, when the rule of the British Government over Hong Kong will be ended.

That is to say, the British Government rules Hong Kong through a political structure composed of the Legislative Council, municipal councils and district boards, which embody British power.

However, with the termination of British rule over Hong Kong in 1997, the two constitutional documents will become null and void, marking the end of the British Hong Kong political structure.

British rule over Hong Kong can neither be extended beyond the date of June 30, 1997, nor can it be allowed to make any decisions to let the existing political structure do so.

Otherwise, it will be considered to have overstepped its power, and the principle of sovereignty stipulated in the Sino-British Joint Declaration and the Basic Law will be meaningless.

As a result, the term of the last three-tier political structure of the British Hong Kong Government has to be terminated on June 30, 1997.

And the four-year term of the structure as set out in current British Government documents obviously contravenes the principles of the Sino-British Joint Declaration and the Basic Law. Therefore, it is invalid.

This is an inevitable outcome of the British handover of Hong Kong to China and of China's resumption of the sovereignty of Hong Kong.

The termination is also the duty of the British Government and the right of the Chinese Government as stipulated in the Joint Declaration.

The group explained that the first legislative body and districts organizations of the Hong Kong Special Administrative Region, which will be established after July 1, 1997, will be different in nature from the political structure of the present Hong Kong Government. They will by no means be a "complete copy" of the old British Hong Kong political structure, but one that will enjoy a high degree of autonomy as a regional administration under the Chinese Government.

They will be organized in accordance with the Basic Law and relevant decisions of the National People's Congress, and be run by local Hong Kong residents.

The Chinese Government had hoped to make an arrangement through Sino-British negotiations to extend the term of service of the British Hong Kong Legislative Council members, in a bid to achieve a smooth transition.

Unfortunately, no agreement was reached during the Sino-British talks on the arrangements for the 1994/1995 elections in the territory, and the conditions for the council members to extend their service beyond June 30, 1997, no longer exist.

It should be pointed out that the two legislative institutions different in nature cannot be lumped together, even if there had been agreement reached between the two sides.

It is because of the different legal grounds that decide the different natures of the two legislative bodies.

As the component parts of the political structure, the district boards and two municipal councils are closely connected to administrative power of the British Hong Kong Government.

Therefore, they must also be abolished on June 30, 1997, just like the Legislative Council, the group concluded.

### Views Post-1997 Legislation

OW0901005794 Beijing XINHUA Domestic Service in Chinese 1534 GMT 8 Jan 94

[By reporters Gao Jianxin (7559 1696 2450) and Liu Shizhong (0491 0670 1813)]

[Text] Beijing, 8 Jan (XINHUA)—The third meeting of the Government Affairs Subcommittee [GAS] of the Preliminary Working Committee [PWC] of the Preparatory Committee of the Hong Kong Special Administrative Region [SAR] was held in Beijing from 7 to 8 January.

During the two-day meeting, members discussed the termination of the Hong Kong British authorities' last Legislative Council, two municipal councils, and district board. Members unanimously believed that the Hong Kong British authorities' administration over Hong Kong will end on 30 June 1997, that the legal basis

enabling them to maintain their power will also disappear, that the original political structures embodying their administration will as a matter of course terminate at the same time, and that neither can the Hong Kong British authorities' administration continue to exist after 30 June 1997 nor do the Hong Kong British authorities have the right to make any decision on the continued existence of these structures after 30 June 1997. In addition, the subcommittee meeting studied and discussed the election system for the first Legislative Council and district organizations of the Hong Kong SAR.

It has been learned that the fourth and fifth meetings of the PWC's GAS will be held in Beijing from 28 to 29 January and from 24 to 26 February, respectively.

#### **Discusses 'Residents' Freedom'**

*OW1001142194 Beijing XINHUA in English 1403 GMT 10 Jan 94*

[Text] Beijing, January 10 (XINHUA)—The society and security panel of the preliminary working committee for the Preparatory Committee of the Hong Kong Special Administrative Region (SAR) of the Standing Committee of the National People's Congress opened its second session in Beijing on January 9-10.

During the two-day meeting, the members of the panel discussed the legal condition for the question of "Taking Hong Kong as a Permanent Residential Place" and the question of Hong Kong residents' freedom in entering and leaving Hong Kong.

According to the stipulation of the Basic Law of the Hong Kong Special Administrative Region, non-Chinese persons must meet the following three conditions for their becoming permanent residents in Hong Kong: that is, they must have valid travel visas upon entering Hong Kong, normally they should stay in Hong Kong for seven years or more and they should take Hong Kong as their permanent residence.

The members of the panel insisted that there should be objective and subjective requirements for non-Chinese people who will "take Hong Kong as their permanent residence" and the requirements should be clearly defined in some related laws.

They held that in principle, non-Chinese people should be permitted to adopt convenient and simple methods to recognize the requirement of "taking Hong Kong as permanent residence."

The members of the panel held that the stipulations of the Basic Law on Hong Kong residents' freedom in entering and leaving the region after 1997 are quite broad either in contents or in extent in comparison with the constitutions of some countries. These stipulations should be further publicized so that the Hong Kong residents really understand them, they said.

The panel decided to meet again in Beijing from February 28 to March 1.

#### **Zhang Junsheng: UK Lacks 'Sincerity' in Talks**

*OW0901094094 Beijing XINHUA Domestic Service in Chinese 0730 GMT 9 Jan 94*

[Text] Hong Kong, 9 Jan (XINHUA)—Zhang Junsheng, deputy director of XINHUA's Hong Kong branch, held that despite its repeated expressed hopes of resuming the negotiations, the British side has hitherto not shown sincerity.

When he arrived in Hong Kong on 7 January for a visit, Deputy British Foreign Secretary Goodlad indicated that the British side is ready to hold further talks with the Chinese side on the three-level framework and the "through train" issue. In answering a question on this issue asked by a Hong Kong media reporter, Zhang Junsheng said:

The Chinese side has always hoped that there will be "through trains." The Basic Law has also made arrangements concerning this matter. Even when Patten dished out his "three violations" political reform program in October 1992, which undermined the "through train" arrangement, the Chinese side was still willing to continue the negotiations. During the 17 rounds of Sino-British talks, it was the British side which closed the door to negotiations.

Zhang Junsheng said: If the British side sincerely hopes for a resumption of talks, it must withdraw completely Patten's [political reform] program which has been submitted to the Legislative Council and demonstrate its sincerity to the Chinese side through an official diplomatic channel. But up to now, the British side has not yet given any official, explicit reply.

#### **RENMIN RIBAO Interview on Elections**

*HK0801081094 Beijing RENMIN RIBAO in Chinese 7 Jan 94 p 10*

[Interview with "relevant persons" by unidentified RENMIN RIBAO reporter; place and date not given: "Questions and Answers on Hong Kong's 1994-95 Electoral Arrangements"]

[Text] Recently, many readers have written or phoned this newspaper to raise various questions on the Sino-British talks on the 1994/95 electoral arrangements for Hong Kong. We have interviewed the relevant persons about those questions and have sorted out their answers in the following paragraphs for your reference.

[RENMIN RIBAO] What actually constitutes the 1994/95 elections in Hong Kong?

[Relevant person] The 1994/95 elections in Hong Kong include the election of the District Boards in September 1994, the elections of the Urban Council and the Regional Council in March 1995, and the election of the



Legislative Council in September 1995. Because these three tiers of elections are to be conducted in 1994 and 1995, they are generally called the 1994/95 elections in Hong Kong.

[RENMIN RIBAO] What are these organs called the Legislative Council, Urban Council, Regional Council, and District Boards?

[Relevant person] The Legislative Council, Urban Council, Regional Council, and District Boards are the components of the political structure of the British Hong Kong authorities. They differ in nature, function, and organization. Let me explain the general situation as follows:

The Legislative Council in Hong Kong has been established according to the Letters Patent and is the highest among the three-tier structure created by the British Hong Kong authorities. In Hong Kong, the governor holds all the power; decisionmaking and legislative powers both belong to the governor. The Legislative Council does not have legislative power and is only there to assist the governor in legislation, to debate bills, and to examine and discuss affairs. The Legislative Council does not have the power to initiate a bill; this power rests with the Executive Council or the chief secretary, and the power to approve it rests with the governor. After a draft bill is adopted in the Legislative Council, it has to be approved by the governor in order to become law. In addition, Britain has the power to veto a law which has been passed by the Legislative Council and approved by the governor. Britain may also legislate on behalf of Hong Kong. The Legislative Council in Hong Kong is completely different from the representative congresses of sovereign states—which are legislative organs possessing supreme power—it is only a consultative body which advises the governor on legislative matters. The Legislative Council in Hong Kong has three main duties: First, to discuss and pass laws proposed by the Executive Council and to formulate regulations, including those determining the allocation of funds; second, to discuss, supervise, and control the government's financial expenditure; and, third, carry out inquiries and debates on government policies and matters which concern the people. Since its establishment in 1843, the Legislative Council in Hong Kong has undergone major changes in its organization. The current Legislative Council has 60 members, and among them 18 are directly elected from districts, 21 are appointed, and 21 are elected from functional constituencies.

The Urban Council and the Regional Council constitute the middle tier of the three-tier structure established by the British Hong Kong authorities. They are regional organizations that do not have political power. The two councils are on an equal footing and may also be called the two Municipal Councils. The former has jurisdiction over Hong Kong Island and the urban areas in Kowloon, while the latter has jurisdiction over the New Territories and the outlying islands. Their functions are to provide residents with cultural, recreational, and urban services,

including environmental management, hygiene control, management of hawkers, and the construction and management of public recreational and sports facilities. The current Urban Council has 40 members, among whom 15 are elected by the people, 15 are appointed, and 10 are members from various urban District Boards. The current Regional Council has 36 members, among whom 12 are elected by the people, 12 are appointed, nine are members from the District Boards in the New Territories, and three are members who have reserved seats—the chairman and the two vice chairmen of the Heung Yee Kuk [a body representing the indigenous population of the New Territories].

The District Boards constitute the lowest tier of the three-tier structure established by the British Hong Kong authorities. Like the two Municipal Councils, the District Boards are regional organizations without political power. Their function is to provide consultation; in concrete terms, they primarily provide the government with ideas on matters which affect the welfare of the individuals who live or work in the districts and assist in supervising the work and policies of various government departments at the district level. In addition, the government often consults the District Boards on important issues which affect Hong Kong residents, such as the examination of regulations on urban planning, public housing policy, and health service reform at the grass-roots level. Hong Kong is currently divided into 19 districts, and District Boards differ in the number of members. The current round of District Boards has a total of 441 members, among whom 274 are elected by the people, 140 are appointed, and 27 are members who have reserved seats—the chairmen of the rural committees of the New Territories.

[RENMIN RIBAO] Why must the Chinese and British Governments hold talks on the 1994/95 electoral arrangements for Hong Kong?

[Relevant person] According to the provisions of the Sino-British Joint Declaration and the Basic Law, the Chinese Government will resume sovereignty over Hong Kong on 1 July 1997; the British Government will return Hong Kong to the PRC on 1 July 1997; and its administrative power over Hong Kong will end on 30 June 1997. Therefore, the political system and framework set up by the British Hong Kong authorities will also come to an end. Although the Letters Patent and the relevant stipulations stipulate that the members of the Legislative Council, the two Municipal Councils, and the District Boards—bodies which have been set up by the British Hong Kong authorities—should serve for four years, and, speaking in terms of time, their tenures will not expire on 30 June 1997, due to the fact that they are the components of the political structure established by the British Hong Kong authorities, this three-tier structure should be disbanded on 30 June 1997. By then, the new legislative assembly of the Hong Kong Special Administrative Region [SAR] and new regional organizations will be organized according to the decisions of the Standing Committee of the National People's Congress



[NPC] and the provisions of the Basic Law. Therefore, in the first place, the British Hong Kong authorities have no right to bother about the political structure after 1997. Proceeding from the overall consideration of maintaining a stable transition for Hong Kong and the smooth transfer of political power, however, the Chinese Government hopes to be able to make the proper arrangements for the transition of the three-tier structure and its members through cooperation with the British Government on the basis of convergence with the Basic Law.

As early as the drafting of the Basic Law, the Chinese and British Governments held many rounds of discussions on the development of the political system in Hong Kong (including the exchange of letters between the two foreign ministers in early 1990) and reached agreements, understandings, and a consensus. The British Government has promised time and again that the development of Hong Kong's political system during the transitional period will converge with the Basic Law. In order to enable the members of the final the Legislative Council in Hong Kong to become the members of the first legislative assembly of the Hong Kong SAR, on 4 April 1990, the NPC Standing Committee adopted the Decision on the Method for the Formation of the First Government and the First Legislative Council of the Hong Kong SAR, which specifically stipulated that "the first Legislative Council of the Hong Kong SAR shall be composed of 60 members, with 20 members returned by geographical constituencies through direct elections, 10 members returned by an election committee, and 30 members returned by functional constituencies. If the composition of the last Hong Kong Legislative Council before the establishment of the Hong Kong SAR is in conformity with the relevant provisions of this Decision and the Basic Law of the Hong Kong SAR, those of its members who uphold the Basic Law of the Hong Kong SAR of the PRC and pledge allegiance to the Hong Kong SAR of the PRC and who meet the requirements set forth in the Basic Law of the Region may, upon confirmation by the Preparatory Committee, become members of the first Legislative Council of the Region." Because the two Municipal Councils and the District Boards were regional organizations without political power, the NPC did not formulate specific regulations on the transition of the members of these two tiers of organizations, leaving the issue to be decided through discussion between the Chinese and British Governments.

The Sino-British Joint Declaration clearly stipulates that the Chinese and British Governments should strengthen cooperation on Hong Kong during the latter part of the transitional period and should examine together the measures which must be taken in order to ensure the smooth transfer of political power and a stable transition. Because the members of the Legislative Council, the two Municipal Councils, and the District Boards to be elected in 1994 and 1995 all face a problem of transition, the relevant 1994/95 electoral arrangements

must be discussed by both the Chinese and British Governments so as to reach a consensus. The Chinese and British sides held talks this time with the precise purpose of discussing how the Legislative Council, the two Municipal Councils, and the District Boards that are to be elected in 1994 and 1995 can converge with the Basic Law, so that their members can serve beyond 1 July 1997 and can become members of the first legislative assembly and regional organizations of the Hong Kong SAR, so as to realize a smooth transition for Hong Kong's political system.

The Chinese and British sides have yet to reach an agreement on the 1994/95 electoral arrangements. Under these circumstances, the British side has already submitted part of the relevant draft to the Legislative Council for discussion, and this has meant that the negotiations have stopped. Thus, the terms of office of the members of the last Legislative Council, the two Municipal Councils, and the District Boards to be formed by the British Hong Kong authorities in 1994 and 1995, will have to stop on 30 June 1997.

[RENMIN RIBAO] What was the background against which China and Britain started talks on the electoral arrangements for Hong Kong?

[Relevant person] As everyone knows, in October 1992, Hong Kong Governor Patten, who had been in office for less than three months, delivered his first policy address, in which he unilaterally proposed a "constitutional package" which sought to make important changes to Hong Kong's current political system. This proposal was made without prior discussion with the Chinese side, and such a thing should have been done according to the provisions of the Joint Declaration. The package included a concrete plan for the 1994/95 electoral arrangements for Hong Kong. This "package" violated the Sino-British Joint Declaration in terms of content and in terms of the way it was proposed; it violated the principle of convergence with the Basic Law; and it violated the relevant agreements and understandings already reached by the Chinese and British sides. It may be summarized as the "three violations" political reform package.

Patten's proposal of the package has placed an obstacle before cooperation between China and Britain on the Hong Kong question and has caused unrest and division in Hong Kong society. If Patten's plan is to be followed, it will make it impossible to have a smooth transfer of governing power over Hong Kong in 1997 or to have a smooth transition, and this will greatly affect Hong Kong's stability and prosperity. Shortly after Patten proposed the "three violations" package, the Chinese Government expressed their strong objection to it. At that time, both the Foreign Ministry spokesman and the Hong Kong and Macao Affairs Office spokesman solemnly pointed out that, during Hong Kong's transitional period, if the development of the political system is unable to converge with the Basic Law, the responsibility will not rest on the Chinese side. When the leaders of the Chinese Government met the leaders of the British

Government, they repeatedly made it clear that they hoped the British Government, keeping in mind the overall consideration of maintaining Hong Kong's prosperity and stability and the common interests of China and Britain, will return to the track of discussion and cooperation as stipulated by the Sino-British Joint Declaration. At the same time, Patten's package naturally met with strong objection and criticism from the people of various levels in Hong Kong, as well as from knowledgeable persons in Britain, both within the government and without. It was precisely under these circumstances that the British Government had no choice but to request diplomatic negotiations with the Chinese Government on the issue of Hong Kong's 1994/95 electoral arrangements. Proceeding from the overall consideration of realizing Hong Kong's smooth transition and maintaining Hong Kong's prosperity and stability, the Chinese Government accepted the proposal on conducting diplomatic negotiations put forward by the British Government.

[RENMIN RIBAO] On the issue of the 1994-95 electoral arrangements in Hong Kong, what elements of Chris Patten's proposal gave concrete expression to the "three violations?"

[Relevant person] On the issue of the 1994-95 electoral arrangements in Hong Kong, Hong Kong Governor Chris Patten's "three violations" found expression in the following points:

1. He changed the character of the indirect elections through the functional constituencies and transformed the elections by functional constituencies into direct elections in a disguised form. The system of functional constituency elections was designed by the British Hong Kong Government according to Hong Kong's history and the condition of social development and was first put into practice in 1985. It served the purpose of guaranteeing that people in the business and professional circles who play an important role in Hong Kong's economic prosperity and social stability would have representatives in the Legislative Council. When drafting the Basic Law, the Chinese Government affirmed such election form in consideration of the current condition of the development of Hong Kong's political structure, and the Basic Law specifies that, for the first three terms of the Legislative Council after the establishment of the Hong Kong SAR, seats would still be preserved for members elected by functional constituencies. Because these Legislative Councillors are to be elected by various functional constituencies determined in legal terms, this is a form of indirect election. The British Hong Kong Government also acknowledged in its legal documents that the functional constituency elections are indirect elections. In his "constitutional reform package," however, Patten replaced all forms of corporate voting with individual voters; at the same time, he extended the franchise in the functional constituencies to all eligible voters in the local working population so that "every single worker" in Hong Kong will have the second opportunity to vote in addition to the

direct election. Patten's arrangement not only changed the original purpose of arranging functional constituency elections but also transformed the indirect elections through functional constituencies into direct elections in various trades.

2. With regard to the composition of the Election Committee, Patten's proposal violated the Sino-British agreements and understandings on this issue. In early 1990, the Chinese Government and the British Government repeatedly held consultations on the composition of the Election Committee. Chinese Foreign Minister Qian Qichen and then British Foreign Secretary Douglas Hurd exchanged letters several times (these diplomatic documents were made public on 28 October 1992). Finally, the two sides reached an agreement on the composition of the 1995 Election Committee. The British side agreed in principle with the composition form and proportion specified by the second point of Annex I of the Basic Law for the Election Committee, which stipulated that the committee will be composed of four sectors, specifically, the industrial, commercial, and financial sector; the professional sector; the labor, social services, religious, and other sector; and members of the Legislative Council, representatives of district-based organizations, Hong Kong deputies to the National People's Congress, and representatives of Hong Kong members of the National Committee of the Chinese People's Political Consultative Conference. Each sector was to hold 25 percent of the seats in the Election Committee. Patten, however, disregarded the agreement reached by the Chinese side and the British side a long time ago and put forth a different method for forming the Election Committee in his "constitutional reform package." According to Patten, the committee will be wholly or mostly composed of directly elected District Board members. The Basic Law's specification that the Election Committee be included in the election of the first SAR Legislative council was aimed at increasing the representativeness of the Legislative Council and ensuring the balanced participation of people in all social strata and in all walks of life. Patten's proposal, however, not only directly violated the agreement that had been reached by China and Britain, but also went against the original reason for setting up the Election Committee.

3. On the issue of the elections of the District Boards and the two municipal councils, Patten proposed in his package that all appointed membership to these organizations be discontinued. This violated the principle of the gradual development of Hong Kong's political structure specified by the Sino-British Joint Declaration and the Basic Law. In addition, this was not suited to the actual operational needs of the District Boards and the two municipal councils.

[RENMIN RIBAO] What is the crux of the Sino-British dispute over the 1994-95 electoral arrangements in Hong Kong?

[Relevant person] Chris Patten introduced his "constitutional reform package" in the name of "expanding

democracy in Hong Kong." This gave the public the false impression that Patten is trying to expand democracy in Hong Kong, while the Chinese side does not agree with the development of democracy in Hong Kong. This is absolutely not the case.

For more than 150 years of British rule in Hong Kong, the governors have consistently arrogated all power to themselves, and there has never been democracy whatsoever in Hong Kong. The Hong Kong Legislative Council was established in 1843, and all of its members were appointed by the governors in over 140 years after that. Not until 1985—after the Sino-British Joint Declaration on the Hong Kong issue was signed—did a few indirectly elected legislative members sit on the council. Therefore, the development of Hong Kong's political structure must proceed from this historical and social reality and must proceed in an orderly way step by step so that it will be favorable to the maintenance of Hong Kong's prosperity and stability. In the remaining years of the transitional period, Patten rashly decided to "expand democracy in Hong Kong" and make a great change to the existing constitutional system without regard to the agreements, understandings, and consensus that the Chinese side and the British side had reached. He did this in an attempt to impose the British-style parliamentary democracy upon Hong Kong and to compel Hong Kong to cover the road to a perfect parliamentary democracy in a few years which the Western capitalist countries took several hundred years to cover. This can only serve to create obstacles to a smooth transfer of power and endanger Hong Kong's prosperity and stability.

The Chinese Government has consistently favored promoting democracy in Hong Kong. It was the Chinese Government, when beginning the talks on the Hong Kong issue with the British side in 1982, that clearly announced the adoption of such principles and policies as "one country, two systems," "allowing Hong Kong people to administer Hong Kong," and "allowing Hong Kong to exercise a high degree of autonomy" after China recovers sovereignty over Hong Kong. The Basic Law, in particular, provides specific and adequate guarantees for the Hong Kong people's democratic rights. According to the Basic Law, the chief executive of the Hong Kong SAR will be selected by election or through consultations and ultimately will be selected by universal suffrage upon nomination by a broadly representative nominating committee in accordance with democratic procedures. The SAR Legislative Council will have full legislative power and administrative supervisory power. It will have the right to impeach the chief executive. The number of seats returned by direct elections will increase from 20 to 30 in a short period of six years from 1997 to 2003. The method of forming the SAR Legislative Council will be specified in light of the actual situation in the Hong Kong SAR and in accordance with the principle of orderly and gradual progress, and all members of the Legislative Council will eventually be elected by universal suffrage. Facts show that the democracy to be introduced in Hong Kong after 1997 as stipulated by the

Basic Law will be much greater than that which has been given to the Hong Kong people by the British rulers over the last 150 years. This was precisely the reason why the Basic Law was extensively supported by the masses from all social strata in Hong Kong. When the Basic Law was officially promulgated in April 1990, the spokesman for the British Foreign Office also explicitly indicated that the Basic Law "lays the foundation for Hong Kong's future status" and "is the acceptable reflection of the Joint Declaration." In the course of drafting the Basic Law, the British side repeatedly stressed the need for the convergence of the pre-1997 developments of Hong Kong's political structure with the Basic Law, and the Chinese side and the British side reached a consensus on this matter. Obviously, the British side should make arrangements for Hong Kong's 1994-95 elections in accordance with the principle of convergence with the Basic Law and with the agreements and understandings reached by the two sides in order to make things favorable to the changeover of government and smooth transition in 1997. However, the British side has openly broken faith with the Chinese side and has gone its own way.

All this shows that the crux of the Sino-British dispute over Hong Kong's 1994-95 electoral arrangements is in no way concerned with a number of specific issues related, for example, to the arrangements of the functional constituency elections or the election committee election, nor does it concern the issue of whether it is necessary to promote democracy in Hong Kong or the speed at which democracy should be promoted; rather, this is a matter of whether the British side is willing to act in good faith and a matter of political principle concerning whether it is still willing to honor the Joint Declaration, to make the development of Hong Kong's political structure converge with the Basic Law, and to observe and implement the agreements and understandings that the two sides have reached.

[RENMIN RIBAO] What is the basic position and attitude that the Chinese have held in the talks?

[Relevant person] When the two sides were still making preparations before the beginning of the talks, the Chinese side announced its position, that the Sino-British talks on the 1994-95 electoral arrangements in Hong Kong must be based on the Sino-British Joint Declaration, the principle of convergence with the Basic Law, and the relevant agreements and understandings already reached between the two sides.

The Chinese Government maintained that, if the two sides could reach an agreement on Hong Kong's 1994-95 electoral arrangements through the talks, this would be conducive to the smooth transfer of government and a smooth transition in 1997, would be favorable to both sides, and would be in keeping with the fundamental and long-term interests of the Hong Kong residents. In order to enable the talks to proceed smoothly and to reach an agreement at an earlier date, the Chinese side consistently held a sincere and positive attitude toward the



talks and made great efforts to promote the talks inside and outside the meeting place and to quicken the process of the talks. The Chinese side agreed to restore the meeting of the Sino-British Joint Liaison Group and the meeting of the Airport Committee; solved the issues concerning the cable television franchise contract, the renewal of Hong Kong Electric's agreement, and the garbage landfill zone in the western New Territories; made the Sino-British Land Commission solve the 1993-94 land allocation issue; endorsed starting the western tunnel project and the Central and Wanchai reclamation project before a comprehensive agreement on the new airport financial arrangements was reached; and proposed that two meetings of the Sino-British Joint Liaison Group be held separately in Beijing and London within 1993 to quicken its work. All this showed the Chinese side's sincerity for restoring Sino-British cooperation on the Hong Kong issue. In the course of the talks, the Chinese side not only adhered to its principles, it also showed flexibility. For issues on which agreements and understandings had been reached by the two sides in the past, the Chinese side insisted on following the existing agreements and understandings; on issues which were not explicitly mentioned by the existing agreements and understandings or had not been discussed by the two sides, the Chinese side adopted a flexible approach and showed its willingness to hold discussions with the British side in order to seek solutions acceptable to both sides.

[RENMIN RIBAO] Why did the talks make progress so slowly and fail to reach any agreement over such a long time?

[Relevant person] Before the beginning of the talks, the British side agreed with the principle of converging with the Sino-British Joint Declaration and the Basic Law and agreed to take the agreements and understandings that the two sides had reached in the past as the foundation for the talks as the Chinese side required. If the British side could actually act according to these "three principles" in the talks, then it would not be difficult for the two sides to reach an agreement. However, things did not go according to our wishes. The British side repeatedly went back on its words during the talks. It not only refused to put forth its own plan according to the relevant provisions of the Basic Law, but also refused to acknowledge the agreements and understandings previously reached between the two countries. In the talks, although the British side showed some flexibility on certain concrete issues, it continued to insist on the position of Patten's "three violations" package and made no substantial changes. For the issues which are not clearly specified in the Basic Law or on which the two sides did not reach agreements or understandings in the past, the British side stubbornly required the Chinese side to totally accept its ideas. Moreover, during the talks, the British side even mentioned some affairs within the scope of China's sovereignty and some issues that were not related to the talks and required the Chinese side to make a promise, thus creating obstacles to the talks.

At the beginning of the talks, the British side said that they had always maintained a positive and constructive attitude toward the talks, but actual practice in the talks only showed the opposite. During the course of the talks, the British side continued to play "little tricks" to undermine and disrupt the smooth process of the talks. For example, before the two sides reached any agreement, the British Hong Kong Legislative Council hastily adopted the "draft bill on the Boundary and Election Commission" and substantially increased the number of elected District Board members, and the British Hong Kong authorities gazetted the "Ordinance on the Proposed Number and Names of Districts" and decided to decrease the number of District Boards from 19 to 18. The British Hong Kong authorities also connived at and supported the decision of the Constitutional Development Panel of the Legislative Council to discuss Governor Patten's "constitutional package" in an attempt to advance the legislative process while the talks were going on. A senior official from the British Foreign Ministry even openly alleged that the future Sino-British agreement would be submitted to the Legislative Council for discussion and revision, thus placing the decision of the Hong Kong Legislative Council above the agreement reached by the Chinese and British Governments. Throughout the process of the talks, the British side also continued to exert pressure on the Chinese side by setting a deadline for the talks and warned that "the Hong Kong governor would make a decision if there was no obvious progress in the talks."

Because the British side stubbornly stuck to Patten's "three violations" package and created obstacles to the talks on every issue, the talks made progress very slowly and failed to reach any agreement over a long period of time.

[RENMIN RIBAO] Why did the Chinese side propose that the issue concerning the arrangements for the Legislative Council elections and the District Board and Municipal Council elections be separately discussed and solved? What was the British side's attitude toward this?

[Relevant person] In order to advance the talks and also in consideration of the fact that the elections to the District Boards and the two Municipal Councils will be held earlier and that the issue related to this part of elections is simpler, in the fourth round of the talks the Chinese side proposed that the issue concerning the arrangements for the elections to the District Boards and Municipal Councils be first discussed and solved before the issues concerning the Legislative Council elections are discussed. However, this proposal was rejected by the British side, which argued that the 1994-95 elections should be handled as a "package." As the talks had been held for more than five months and little progress had been made, on 1 October when meeting with British Foreign Secretary Douglas Hurd in New York, Chinese Vice Premier and Foreign Minister Qian Qichen once again proposed that the 1994-95 electoral arrangements be discussed and solved in two separate parts. Qian pointed out that, as 1994 was drawing near, time was



pressing, and the 1994 elections were comparatively simpler, so the two sides might first discuss the issue of the 1994 elections and reach an agreement. The more complicated 1995 election issue can wait, as there is still time for the two sides to continue the discussion. This was the principle of "dealing with easier things first and dealing with more difficult things later" and the reason behind the Chinese side's proposal for "separately" dealing with the 1994-95 electoral arrangements in Hong Kong. At that time, the British side once again turned down the Chinese side's proposal. In his second policy address in October 1993, Patten also made it clear that "this was impracticable." Because the Chinese side's proposal was reasonable, however, it was endorsed and supported widely by many Hong Kong people. Afterward, the British side had no choice but to agree with the Chinese side's proposal on discussing the electoral arrangements for the District Boards and Municipal Councils first, but it set forth three preconditions: requiring the Chinese side to agree to lower the voting age from 21 to 18, to accept the British side's proposal on the voting method, and to discontinue all appointed membership in these organizations. The British side's intentions were obvious. On one hand, it tried to meet the Hong Kong people's wishes by agreeing to "separately" handle the 1994-95 electoral arrangements in order to free itself from the predicament; on the other hand, it tried to use the three preconditions to set an obstacle to the actual "separate" handling, because, if the Chinese side did not accept the three requirements, "separate" handling would become impossible.

[RENMIN RIBAO] Why is it said that it is entirely possible for China and Britain to reach an accord on the electoral arrangements for the district boards and the two municipal bodies?

[Relevant person] The Chinese side has criticized the British side's consent for "separating" the 1994 and 1995 electoral arrangements and its practice of setting out three preconditions, while indicating that that was not a constructive attitude in seeking a solution. Proceeding from the overall situation, however, the Chinese side agreed to the British side's requirement on lowering the voting age from 21 to 18 years, while raising no objection to the British side's proposal of adopting the "one-seat, one-vote system" (a district ballot method, namely, the number of districts coincides with the number of seats, with only one seat to every district. Each voter can cast only one vote in the election.) On the issue of abolishing appointed seats, the Chinese side set forth a different opinion. That was the focus of the argument between the Chinese and British sides over the electoral arrangements for district boards and the two municipal bodies.

Chris Patten's suggestion on abolishing the appointed seats in the district boards and the two municipal bodies in his "constitutional reform package" immediately met strong opposition from the presidents of the district boards and the two municipal bodies and the majority of their members. Neither did the majority of Hong Kong

residents approve of abolishing all appointed seats. Taking into consideration this wish of Hong Kong residents as well as the actual operation of the district boards and the two municipal bodies, the Chinese side believed that maintaining some appointed seats would be conducive to those bodies better exercising their functions, and fall in line with Hong Kong's actual conditions; on such grounds, the Chinese side was for maintaining the existing number of appointed seats in the district boards and the two municipal bodies. Nevertheless, on the grounds that the Legislative Council would abolish the system of appointed seats in the 1995 election, the British side insisted on the abolition of appointed seats in the district boards and the two municipal bodies. The British side's grounds did not hold water. Whether or not the appointed seats exist in the district boards and the two municipal bodies has nothing to do with the election of the Legislative Council, because their nature and functions are different. The two sides conducted repeated discussions on this issue; despite the fact that the Chinese side compromised and stated that the number of appointed seats should be axed to one-fourth of all seats from the original one-third based on the principle of proceeding in an orderly way and step by step, the British side was bent on abolishing all appointed seats, and was unwilling to yield an inch.

In order to reach an accord with the British side on the electoral arrangements for the district boards and the two municipal bodies as quickly as possible, the Chinese side exerted efforts again during the 15th round of talks, and set out a compromise way of taking into consideration both sides' positions, bypassing disputes, namely, an explanation would be added to the understanding reached between the two sides: The British side was for abolishing the appointed seats in the district boards and the two municipal bodies; the Chinese side was for maintaining an appropriate proportion of appointed seats. After 30 June 1997, the Hong Kong SAR Government would decide on the number of district boards and appointed seats on its own based on the stipulation of Basic Law Article 98. This plan of the Chinese side actually allowed the British side to abolish appointed seats before 30 June 1997, but after that date an appropriate proportion of appointed seats would be established according to the relevant stipulation in the Basic Law by the Hong Kong SAR Government. The British side agreed to the Chinese side's opinion on the issue of appointed seats mentioned above.

By then, the Chinese side had already adopted the British side's opinions on the issues of the voting age, voting method, and appointed seats involved in the elections of the district boards and the municipal councils, and had met the British side's demands.

In addition to the aforesaid issues, there were two other issues involving the election of the district boards and the municipal councils. One of the issues was that the nongovernment nature and functions of the Hong Kong district boards and the two municipal bodies would remain unchanged in the last four years of the transition

period because of convergence with the relevant stipulation in the Basic Law. On this issue, there was no major difference between the Chinese and British sides. Another issue was that for convergence with the Basic Law, the Chinese side required the British side to promise to lift restrictions on delegates to the people's congresses at various levels from the Hong Kong area participating in elections. On this issue, the British side eventually expressed their agreement after some procrastination.

The aforesaid conditions showed that on all issues involved in the elections of the district boards and the two municipal bodies, the Chinese side and its British counterpart tended to become unanimous in their positions. In fact, it was entirely possible for the two sides to reach an accord on the electoral arrangements for the district boards and the two municipal bodies in the wake of the 15th round.

[RENMIN RIBAO] Why was it that the two sides failed to reach an accord when the Chinese side and its British counterpart had tended to become unanimous in their positions on all issues involved in the elections of the district boards and the two municipal bodies?

[Relevant person] The cause of the failure of the two sides to reach an accord on the electoral arrangements for the district boards and the two municipal bodies lies precisely in the fact that the British side raised new issues and set out new demands.

Before the 16th round of talks began, the British side put to its Chinese counterpart the proposal that the voting method characterized by "one seat, one vote" for the election of the district boards and the two municipal bodies must also be applicable to the 1995 district elections of the Legislative Council. This demand of the British side was groundless, because neither regulations nor precedent exist that the same voting method must be adopted in the elections of district boards, the two municipal bodies, and the Legislative Council. Matters regarding the election of the Legislative Council, including the voting method to be adopted, could be resolved later in discussions on those elections. Otherwise, matters could be made complicated, and it would not be conducive to the talks' progress. However, the British side insisted on including the application of the "one seat, one vote" voting method to the election of the Legislative Council in the memorandum of understanding on the electoral arrangements for the district boards and the two municipal bodies. The British side stated that its demand was based on the need for a "balanced" accord, for "practical and political reasons."

The so-called "balance" the British side referred to was its agreement to lift the restrictions on delegates to the people's congresses at various levels participating in the election of the three-tier assemblies, with the change in the voting age being applicable to the three-tier elections. Under such circumstances, if the Chinese side disagreed with adopting the same voting method for the election of

the three-tier assemblies, that would spell imbalance. Directed at the British way of putting it, the Chinese side specially submitted a draft understanding to the British side in the 17th round of talks, with the suggestion that the three points, namely, the voting age, the voting method, and lifting restrictions on delegates to the people's congresses be confined to the elections to the district boards and the two municipal bodies, and that all issues involving the elections to the Legislative Council be resolved later. However, the suggestion of the Chinese side aimed at seeking a solution to the problems was immediately rejected by the British side.

As to the so-called "practical and political reasons," the British side chiefly referred to the two following points: First, the legislation on the voting method for the Legislative Council needs to be adopted as quickly as possible; if the voting method should pass through legislation on two occasions, that would be a waste of time. In actual fact, the voting method for the district boards and the two municipal bodies and that for the Legislative Council have no necessary connection; their legislation has always been separate in the past. Furthermore, the election of the Legislative Council is to take place in September 1995, it was not so pressing in terms of time, and could be resolved later on. That being the case, this reason of the British side's did not hold water. Second, the British side said that back in 1992 the Legislative Council had adopted a motion on its adoption of the "one seat, one vote system" for its 1995 election; that being the case, it was imperative to fix such a voting method at present. The British side actually wanted the Chinese side to accept the opinion of the Hong Kong Legislative Council, and place its opinion above the talks between the Chinese and British Governments. The Chinese side would never accept that point.

Under the circumstance that the British side had failed to achieve its aim of killing two birds with one stone, namely simultaneously resolving the voting method for the Legislative Council and that for the district boards and the two municipal bodies, the British issued a "statement" shortly before the conclusion of the 17th round, saying that the British side could no longer continue the understanding reached with the Chinese side in the first phase of the talks, and unilaterally announced the interruption [zhong duan 0022 2451] of the talks on the electoral arrangements for the district boards and the two municipal bodies. Facts have proved that precisely because of the jeopardy deliberately introduced by the British side, no accord was reached in the Sino-British talks on the electoral arrangements for the district boards and the two municipal bodies.

[RENMIN RIBAO] Why do we say that the British side should be held responsible for the termination of the Sino-British talks over Hong Kong's 1994/1995 electoral arrangements?

[Relevant person] Before the talks started, when both sides were discussing through diplomatic channels the issue of holding talks, the Chinese side already had

pointed clearly that if the British side submitted the relevant bills to the Legislative Council [Legco] before an agreement was reached between China and Britain through the talks, it would indicate that the British side had no sincerity whatsoever in the talks and would mean the termination of talks; the responsibility would not rest on the Chinese side. Through diplomatic channels the Chinese side once again expressed this solemn and just stand following the end of the 17th round of talks, but the British side turned a deaf ear to the repeated warnings and dissuasion of the Chinese Government. On 2 December 1993, Hong Kong Governor Chris Patten issued a statement on Hong Kong's 1994/1995 electoral arrangements, declaring that on 10 December 1993, he would gazette part of his bill on Hong Kong's elections and on 15 December, would submit the bill for discussion by Legco.

In response to this British move, spokesmen from the Chinese Foreign Ministry, the State Council's Hong Kong and Macao Affairs Office, and the XINHUA NEWS AGENCY branch in Hong Kong issued separate statements reiterating that if the British Hong Kong authorities went ahead with the legislative process on the 1994/1995 elections in Hong Kong, this would mean that the British side had terminated the talks unilaterally. The British side went ahead, however, regardless of warnings, gazetting the relevant bill as scheduled, and tabling it before Legco for its first and second readings.

The facts demonstrate that the Chinese side has shown the utmost sincerity and patience toward the talks, and that the British side should be held fully responsible for their termination. Although the British side has continued to say that they wish to have an 18th round of talks with the Chinese side on the remaining issues related to the 1994/1995 elections—which are more complicated—and that they “will never leave the negotiating table,” this is but a trick to deceive the public and to shift responsibility for terminating the talks onto the other side. If the British side is truly sincere about resuming the talks, reopening of talks will be possible only after it has withdrawn the partial bill that has been tabled before Legco. The door to negotiations remains open; the key lies in the attitude of the British side.

[RENMIN RIBAO] As the Sino-British talks over Hong Kong's electoral arrangements have terminated, what does the Chinese side plan to do?

[Relevant person] It is very clear that because China and Britain are unable to reach an agreement on Hong Kong's 1994/1995 electoral arrangements, the transition issue does not exist for the members of the last Legco, the two municipal councils, and the district boards of the British Hong Kong administration. Their term of office will last only until 30 June 1997. By that time, the Chinese side will have “set up another kitchen” in accordance with the decisions of the NPC and the relevant provisions of the Basic Law, and will have reconstituted Legco and the district organizations of the Hong Kong SAR.

Recently, the Preliminary Working Committee of the Hong Kong SAR Preparatory Committee held its second plenary meeting. The participants discussed Hong Kong's current situation and expressed their strong resentment against the serious measures taken by the British side, which submitted part of the bill concerning Hong Kong's 1994/1995 electoral arrangements to the Legco under conditions of no agreement having been reached between the Chinese and British Governments. The meeting held that this was a deliberate sabotage of the talks by the British side and that the British Government should be held responsible for all consequences. It decided to accelerate the pace of various preparatory work for resuming the exercise of sovereignty over Hong Kong.

## XINHUA Commentaries on Hong Kong Policies

### On Patten's Reform Package

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[Commentary by XINHUA reporter Li Haitang (2621 3189 1016): “Only the ‘Basic Law’ Can Guarantee That the Hong Kong People Will Enjoy the Essence of Democracy—Comments on and Analysis of Chris Patten's ‘Constitutional Reform Package’”]

[Text] Beijing, 9 Jan (XINHUA)—In approximately three months after Hong Kong Governor Chris Patten had been in office, he hastily dished out his “constitutional reform package,” saying again and again that he wanted to assume “a moral responsibility” for Hong Kong and to promote its “democratization” as quickly as possible. Clinging obstinately to his course, he promoted the sale of his “constitutional reform package” in the past year or so regardless of the Sino-British Joint Declaration and the agreements and understanding reached between China and Britain, as if whoever opposes his “constitutional reform package” opposes democracy. Thus, Chris Patten suddenly transformed himself from a colonial dictator into a fighter for “democracy.”

Such a practice on the part of Chris Patten is incomprehensible to many people: There has never been a tiny bit of democracy in Hong Kong, which has been under British rule for over 150 years; “royal instructions” are followed in all [government] affairs there; and the Hong Kong governor alone is in control of all the powers. What makes him think of giving democracy to the Hong Kong people just before British colonial rule is about to end? Even Mr. Sharp [name as received], former chairman of the Britain-China Trade Association, also said that he could not understand why Chris Patten was in such a hurry to promote democratization in Hong Kong.

China has repeatedly declared that the focal point of our differences with Britain is not a question of whether democracy should be implemented but rather a question of whether one's promise should be kept. Democracy is



an important mark of social progress. The Chinese Government has all along been for the implementation of democratic reform in Hong Kong, and it was China that was the first of the two countries to propose the implementation of democracy in Hong Kong and the democratic rights of a "high degree of autonomy" for the Hong Kong people under "one country, two systems" during the Sino-British talks back in 1982. Then, China spent as long as four years and eight months formulating the "Basic Law of the Hong Kong Special Administrative Region of the PRC" and putting forward the principle of proceeding in an orderly way and step by step for the implementation of democratic reform in Hong Kong.

The "democracy" hastily bestowed by Chris Patten as a favor obviously violates the law of development. All matters in the world have their own law of development. Like many matters, the democratic system has a process of coming into being, development, and taking shape. It is not accomplished in one step. The process of the development of the modern democratic system explains this point. The transition from feudal dictatorship to the capitalist democratic system of our time took several hundred years. For example, passing from the bourgeois democratic revolution in 1688 to the establishment of the one-person, one-vote election system in 1948 took Britain nearly 300 years; and the United States took 200 years to go from the formulation of its Constitution and the beginning of the implementation of democratic reforms in 1787 to the exercise of one-person, one-vote rights in general elections by 18-year-old citizens in the 1980's.

Very obviously, Hong Kong's democracy cannot be accomplished overnight. Accelerating the democratization process by force in violation of the law of development will inevitably result in drastic social turmoil and chaos, affect social stability, and, furthermore, have an impact on Hong Kong's investment environment. The broad masses of Hong Kong compatriots do not want to see such things happen.

On account of the aforementioned consideration, the "Basic Law" states that Hong Kong will have both direct elections and indirect elections in the first 10 years after 1997 and that the transition to general elections will be achieved according to the procedures prescribed by law by the year 2007. The 10-year transitional period, compared with 200 to 300 years in Britain and the United States, is actually very, very short. Therefore, it should be said that the process of democratic reform stipulated by the "Basic Law" not only takes into consideration the aspirations of the people of Hong Kong but also conforms to the law governing the development of democracy itself.

In the process of drafting the "Basic Law," China has extensively solicited the opinions of the people of all walks of life and social strata in Hong Kong and has taken into full account their 40 to 50 proposals concerning Hong Kong's political system. When it was promulgated, the "Basic Law" was well received by the

Chinese people, including the compatriots in Hong Kong, and by the people of the world. They universally held that the "Basic Law" not only embodies the Hong Kong people's aspirations but also conforms to the interests of economic development in Hong Kong and to the requirements for its stability. Even the British Government has spoken highly of the "Basic Law." In Britain, both the prime minister(s) and ministers have expressed their satisfaction with the "Basic Law" on many occasions, and the British side has repeatedly promised to converge with it.

However, at a time when the "Basic Law" needs to be further publicized, Hong Kong Governor Chris Patten dished out his "political reform program" in an attempt to "expand democracy" in Hong Kong. This is an openly perfidious act.

People cannot but ask: Why does Patten want to go against the objective law and ignore Hong Kong's safety? People who know the history of colonial rule can see the real purpose of the Hong Kong Government: It is vainly attempting to help, through so-called democratic elections, a group of pro-British persons gain power, especially those who dare to challenge the central government, so as to make the government of the Hong Kong Special Administrative Region [SAR] powerless after 1997. In doing so, Britain can attain its goal of ruling Hong Kong without Britons—continuing its colonial rule over Hong Kong in another form.

When he met with Geoffrey Howe on 31 July 1984, Deng Xiaoping said: "I hope that the Hong Kong Government will not form a leading body of its own during the transitional period and then impose it on the government of the Hong Kong SAR." Today, his prediction with profound insight has been proved accurate.

History has shown that before withdrawing from its colonies, Britain would invariably pursue a policy of division and create contradictions and confrontations to facilitate its manipulation and control in an attempt to maintain its political and economic interests in its former colonies. The same shameful tricks of this old-brand imperialist have been employed in many of its colonies in Asia, Africa, and Europe. Not only were they not successful, but they were condemned as shameful tricks by the people of the world. Therefore, what Britain is doing with regard to the Hong Kong issue is obviously a replaying of the same old tricks. The masses of compatriots in Hong Kong are able to see through these tricks.

What the Hong Kong Government did more than 20 years ago can help us see through its shameful tricks. In the 1970's, Britain applied two international human rights conventions to Hong Kong, but it omitted the portions on democratic elections so that those would not be practiced in Hong Kong. In displaying the big banner of "democracy" at a time just before its withdrawal, is it not clear now as to what its ulterior motives are? In sharp contrast to this situation, the Chinese side included



democracy in the "Basic Law" when there was not an iota of democracy in Hong Kong.

Faced with iron-clad facts, a slight change seems to have taken place in the tune of "democracy" sung by Chris Patten. He claimed in a high-sounding manner that his arrangements on direct elections are "open, just, and accepted by the Hong Kong people." This new argument seems beautiful, but is actually pale and weak.

It is known to all that during the five years of drafting the "Basic Law," China had carried out a very open and democratic way of discussions on all issues, both primary and secondary ones, especially on the method of selecting the chief executive of the government of the Hong Kong SAR and the forming of the Legislative Council. Members of the drafting committee could say what they wanted to say and could express their views freely. Every article and every annex of the "Basic Law" was passed with a two-thirds majority by all members of the drafting committee in a secret ballot. Members of the drafting committee visited Hong Kong many times to solicit the opinions of the people from all walks of life regarding the method of selecting the chief executive and the method of forming legislative organs. Many revisions were made regarding this question. The processing of drafting the "Basic Law" was highly transparent: A news communique was published after each meeting. In four years, nearly 100 news conferences were held by the Political Group. Therefore, only the method of selecting the chief executive of the Hong Kong SAR and the method of forming the Legislative Council prescribed by the "Basic Law" are open and just. Moreover, the masses of people in Hong Kong are satisfied with them. In contrast, Chris Patten's "political reform program" is not open and democratic. He arrived in Hong Kong in June 1992, and in September he dished out his "political reform program." Except for his premeditations with the British Government in concocting this program, he had no prior consultations with anyone, nor did he solicit the opinions of the people of Hong Kong. It can be said that Chris Patten dished out his "political reform program" without an iota of democracy at all.

The essence of democracy is that the people enjoy the rights to their own interests and happiness. The biggest interest of the Hong Kong people is the maintenance of Hong Kong's prosperity and stability. Only the "Basic Law" can satisfy the wishes and demands of the masses of compatriots in Hong Kong; only the "Basic Law" can bring about true and real democracy in Hong Kong; and only the "Basic Law" can guarantee the most important interest of the Hong Kong people. This has become the consensus of many people.

"Democracy" under Chris Patten's signboard is not only very deceptive but also extremely dangerous. Just imagine—what good does it do the economy of Hong Kong if Chris Patten leaves behind a legislature that divides the Hong Kong people and challenges the future SAR government? What consequences will such a situation bring to investors in Hong Kong?

The masses of compatriots in Hong Kong are very patriotic. We are convinced that in the transitional period before 1997, more and more Hong Kong people will see through the real purpose of the British authorities in Hong Kong and work jointly with the people from the motherland to maintain Hong Kong's prosperity and stability. Hong Kong—the brilliant pearl of the East—will certainly be able to return smoothly to the embrace of the motherland!

### **Says Basic Law 'Ensures Democracy'**

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GMT 9 Jan 94

["Commentary" by XINHUA reporter Li Haitang: "Basic Law' Essentially Ensures Democracy for Hong Kong People]

[Text] Beijing, January 9 (XINHUA)—The "Basic Law of the Hong Kong Special Administrative Region" (SAR) will guarantee Hong Kong essential democracy in the interest of the Hong Kong people.

The essence of democracy is to let the people have the right over their own interest and happiness, and the top interest of the Hong Kong people is to maintain the region's prosperity and stability.

Only the Basic Law can satisfy the wish and demand of the compatriots in Hong Kong, and this is common knowledge among the people.

However, three months after Chris Patten was appointed governor of Hong Kong in June 1992, he put forward a "political bill", claiming to assume a moral responsibility for Hong Kong's democratization.

In the past one year and more, Governor Chris Patten has clung to his bill, taking no heed of the agreements and understandings reached between China and Britain and the Sino-British Joint Declaration on Hong Kong.

People can hardly understand such practice by Chris Patten. Britain has governed Hong Kong for over 150 years during which it has never advocated democracy.

Why does the British side suddenly remember to give democracy to Hong Kong people when it is soon to end its rule over Hong Kong?

The Chinese side has reiterated time and again that over 150 years of British rule over Hong Kong, the center of differences between China and Britain on the Hong Kong issue is not democracy, but of whether acting in good faith.

Democracy is an important symbol of social progress, and the Chinese Government has always given support to democratic reform in Hong Kong.

It is China which first proposed to implement a pattern of democracy of "one country, two systems" in Hong

Kong and let the Hong Kong people to enjoy the democratic right of "high autonomy" in Sino-British talks in 1982.

Later, China spent four years and eight months to formulate "the Basic Law of the Hong Kong Special Administrative Region (SAR) of the People's Republic of China", which advocates the principle of "gradual and orderly progress for Hong Kong democratic reform".

In the world, all things have their own development rule and need a process of emergence, development and maturing. The same is true with the establishment of a democratic system.

For example, Britain and the United States spent 200 to 300 years to realize their modern democratic reforms.

The democracy of Hong Kong cannot be fulfilled in one day. If things are done against the law of development, that would lead to turmoil and affect social stability. And further more that will not be conducive to the Hong Kong's investment environment.

Such a situation is surely not desired by the Hong Kong people.

Based on this, the Basic Law proposes that in the first ten years after 1997, the year for China to resume its sovereignty over Hong Kong, it will carry out both direct and indirect elections, and in 2007 a general election will be held according to a legal process.

The process of democratic reform in Hong Kong stipulated in the Basic Law has given full consideration to the wish of the Hong Kong people and is in keeping with the development law of democracy.

During the discussions of the Basic Law, the central government had listened extensively to opinions from various circles in Hong Kong.

The announcement of the Basic Law has won praise from people in Hong Kong, the mainland, and the world as whole. Even the British Government spoke highly of the law.

Among all the developments, Governor Chris Patten dished out his "political bill".

People who know the history of rule by colonialism can see the real purpose of Chris Patten is to help a group of pro-British persons to power, especially those who wish to challenge the central government, so as to make the government of the Hong Kong Special Administrative Region powerless.

By doing so, Britain can reach its goal of continuing the colonialist rule over Hong Kong in another form.

The same old tricks had been used in some British colonies in Asia, Africa and Europe. The majority of the Hong Kong people are able to see through those tricks.

It is known to all that during the five years of drafting the Basic Law, China had carried out a very open and democratic way of discussions on all issues, especially on the method of selection of the chief executive of the government of the Hong Kong Special Administrative Region and the forming of the Legislative Council.

The selection method for the chief executive of the Hong Kong SAR and forming of the Legislative Council are open and just, and are supported by the Hong Kong people.

In contrast, the "political bill" of Governor Chris Patten is not open and democratic.

Chris Patten arrived in Hong Kong in June 1992 and dished out his "political bill" in September.

Besides deliberations with the British Government, the bill was announced without consultation with the majority of the Hong Kong people.

In the transitional period before 1997, more and more Hong Kong people will see through the real purpose of the British authorities in Hong Kong and work jointly with the people from the mainland for the prosperity and stability of Hong Kong.

#### **Costs of New Airport Key Projects To Be Reduced**

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GMT 10 Jan 94*

[Text] Hong Kong, January 10 (XINHUA)—The Government of Hong Kong [HK] has decided to reduce the total money of the day (MOD) estimate for the key projects of the on-construction new airport by 5.5 billion HK dollars (705 million U.S. dollars), a government spokesman announced here today.

The cost will be reduced from 163.7 billion HK dollars (20.9 billion U.S. dollars) to 158.2 billion HK dollars (20.2 billion U.S. dollars) due to the significant savings on the seven government key projects, which lowered by 7.6 billion HK dollars (974 million U.S. dollars) in the total amount of cost.

The cost-reduction has been made possible mainly by savings stemming from highly competitive tendering on a very cost-effective program, the spokesman said.

The local government has awarded 34 contracts worth a total of about 31.4 billion HK dollars (four billion U.S. dollars), representing 78 percent by value of the total government key projects. They have all been let below budget and are progressing well, he said.

However, the spokesman added, the real cost estimates, released in March 1991 prices, for the new airport at Chek Lap Kok and for the airport railway are unchanged because slight increases have been necessary for the cost borne by the provisional airport authorities and for the airport railway.

**Hong Kong on Impact of US Textile Cuts**

*HK0701083894 Hong Kong AFP in English 0756 GMT  
7 Jan 94*

[Text] Hong Kong, Jan 7 (AFP)—Hong Kong's role as a portal for China's world trade will suffer a setback if Beijing and Washington fail to settle their dispute over textiles and garments soon, the government said Friday.

The Trade Department forecast no immediate impact from Thursday's announcement that the United States planned to slash China's textile and apparel quotas by 25 to 35 percent.

"But if a resolution is not reached in due course, re-exports of Chinese-made textiles and clothing to the United States will be affected," a department spokesman said.

It added that Hong Kong was "naturally concerned" whenever its two biggest trading partners were at loggerheads.

Well over 50 billion US dollars' worth of Chinese goods are re-exported through Hong Kong to various countries every year.

Financial Secretary Sir Hamish Macleod, speaking to reporters, said the through-flow of Chinese goods would be "reduced somewhat" if the US sanctions go into place.

"It would also affect Hong Kong entrepreneurs' investments in China very directly," he added.

"But I think it's very early. They're very clearly in the middle of a negotiation and we'll have to see how it ends up."

US Trade Representative Mickey Kantor said the quota slash—to take effect January 17 and retroactive to January 1—was in retaliation for Chinese-made goods that are shipped illegally via third countries to avoid US quotas.

Hong Kong is the biggest source of foreign investment in China, as well as a major trans-shipment point for goods made for export in the neighboring southern Chinese province of Guangdong.

Business analysts said the US action boded ill for the renewal in June of China's most favored nation trading status, which President Bill Clinton has decreed will be conditional on improvements in human rights.

Macleod has said that if MFN is revoked, Hong Kong's economic growth rate of about five percent could plunge by three percentage points, and that 70,000 jobs could perish.

**Correction to Lu Ping Questions Policy**

*HK1001043094*

The following correction pertains to the item headlined "Lu Ping Questions Policy," published in the Hong Kong & Macao section 7 January China DAILY REPORT, pages 67-68:

Page 67, column two, paragraph three, only sentence, make read ...members of the Preliminary Work Committee [PWC].... (correcting committee name)

Page 68, column one, first full paragraph, first sentence, make read: ...director of the XINHUA Hong Kong Branch, said when attending.... (correcting title per chief monitor recheck)

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